

**STATEMENT BY  
DELOS M. (TOBY) COSGROVE, MD  
COMMISSION ON CARE VICE CHAIRPERSON AND  
CHIEF EXECUTIVE OFFICER OF THE CLEVELAND CLINIC**

**BEFORE THE  
HOUSE COMMITTEE ON VETERANS' AFFAIRS  
September 7, 2016**

Chairman Miller, Ranking Member Takano, and Members of the Committee, thank you for inviting me to speak about the Commission on Care Final Report today.

As a former Air Force surgeon, I care deeply about the welfare of the nation's veterans and I have been honored to serve as vice chairperson of the Commission on Care and as a member of the MyVA Advisory Committee. Over the course of my work with the VA, I have become well-acquainted with the Department and understand its contributions as well as its challenges in meeting our veterans' needs. As CEO of Cleveland Clinic, an \$8 billion dollar health care system serving communities across the country and internationally, I'm keenly aware of the magnitude of the challenges facing VA health care leaders. Mr. Chairman, the veterans' health care system must make transformative changes to meet the health care needs of veterans today and tomorrow. If these changes are not made, the VHA's many systemic problems threaten the long-term viability of VA care.

The final report contained eighteen (18) different recommendations. Today, I am going to address four specific areas that include; the establishment of integrated community-based health care networks, quality metrics, information technology (specifically electronic health records), and supply chain.

Given the Commission's charge to examine veterans' access to care, it was concluded early on that greater reliance on, and closer integration with, private sector care held the greatest promise for improving not only access, but affording veterans greater choice. As you know, the Commission considered and debated options that would provide for different degrees of choice. The recommended option in the Commission's Final Report reflects a consensus position, though many supported an option that would provide veterans still greater choice of private sector providers. The Commission agreed that the VHA must establish

high-performing, integrated, community-based health care networks to provide timely and quality care to our veterans.

The report envisions a continued role for a VHA health care system, but as we said – if the challenges and opportunities described in the final report are left unaddressed we are concerned that our veterans will not receive the kind of high-quality care that they deserve. Among our proposals, the Commission recommends that VHA adopt a continuous improvement methodology such as Lean Six Sigma to engage staff and improve the culture. This will help, but it will also take significant investments in time, effort, and resources to modernize and streamline such essential functions as human capital management, capital asset management and leasing, business processes, and information technology.

The Commission recommended that the VHA should implement core metrics that are identical to those used in the private sector. Veterans deserve to know that the healthcare they are receiving either from VHA or from a community provider is of high-quality. If these metrics are put into place, it will be easier to evaluate the system's performance and Congress will have benchmarks from the private sector to compare both its progress and the improvement over time. Congress and the American people deserve to know that VHA is getting value for their investment.

Years ago, the VHA was a leader in the field of electronic health records. Unfortunately, this is no longer the case. Therefore, the Commission believes that the VHA should transition to the same type of commercial off-the-shelf electronic health records as other providers. By using a proven product, many of the scheduling and billing problems would be resolved. Further, these systems could help the VA identify areas for opportunity and utilization to promote better access to care for our Veterans and promote interoperability which is critical as veterans move to different care sites. Finally, the commercial EHR would also allow VHA to link financial and clinical information—a critical functionality for running modern health care delivery systems. The best and most prevalent commercial EHR programs allow staff and patients to schedule patient care easily and to provide legitimate performance measures for wait times, unit costs, clinical care outcomes and productivity that conform to those of the rest of the health care industry. Many of our country's best hospital systems have converted homegrown information systems to commercially-based systems. VHA must do the same to remain current and engage with the rest of the health care system. It must also have its own leadership—specifically a chief information

officer for VHA information systems that allows VHA to adjust its information needs as the health care industry evolves.

As a VHA contractor, Cleveland Clinic has experienced first-hand the burdensome, antiquated system that is currently in place to receive payment. We are required to provide documentation in hard copy form sent via the postal services as they will not accept either fax, email or any other electronic submission. If a request results in more than 100 pages we must burn the records to a disc. Because we do not have any mechanism to track whether the documentation has been received, we have heard on many occasions that they “never received the paper records” and we have no recourse other than to send them again. The Independent Assessment that Congress commissioned found that VHA should keep claims adjudication and payment separate from its care delivery. The health care system that the Commission envisions for VHA will continue to expect exceptional performance from its network of providers and providers should expect timely and accurate payment in return.

Supply chain is another area ripe for VHA streamlining. The Commission’s report stated that the “purchasing processes are cumbersome which has driven VA staff to workarounds and exacerbates the variation in process the VA pays for products.” The VA should consolidate and reorganize the procurement and logistics for medical and surgical supplies under one leader. The VHA has enough market share to leverage prices that could result in savings of hundreds of millions of dollars.

At Cleveland Clinic, we are constantly evaluating and reviewing our supply chain products and processes. Today, our Supply Chain is working with teams of clinicians led by physician champions to justify purchases of more expensive supplies by engaging clinical staff in a value-based sourcing effort that illustrates that cost and quality do not have to be mutually exclusive principles. Clinicians are made aware of the costs and outcomes associated with different brands. Once the clinical staff has to justify the higher costs and understands whether they add value to care outcomes based on empirical evidence, they make purchasing decisions based on value. Such efforts are then integrated into patient-centric utilization management and inventory management efforts to ensure the appropriate use of our resources. A clinician-engaged, value-based supply chain management practice model has allowed us to save \$274 million dollars over the last six years. We are continuing to reform our processes by entering into purchasing consortia with other nonprofit healthcare providers and

ensuring that we are continually searching for improvements in cost management.

Of course, leadership is the key to transformative change. The Commission speaks to the need to create a pipeline for internal leaders and to make it easier for private sector and military clinical and administrative leaders to serve in VHA. Market-based pay is critical to bringing in leaders capable of taking VHA to the next level. The Commission also proposes that Congress provide for a VHA governance board to provide a long-term strategic vision and successfully drive the transformation process. Both the chairperson and I will be happy to talk more about this aspect of the report.

Mr. Chairman, transforming a system as large and complex as VHA's will require streamlining multiple systems, redesigning care-delivery, and more. This report offers a roadmap to success. Realizing the vision the report proposes will require new investment, (both financial and in expertise), enactment of legislation, and strong leadership.

Thank you for your attention. I am happy to address any questions you may have.