

Written Testimony
Mr. David J. McIntyre, Jr.
President and CEO
TriWest Healthcare Alliance
Hearing of the House Committee on Veterans Affairs
March 7, 2017

Introduction

Good evening, Mr. Chairman and Members of the House Committee on Veterans Affairs. Thank you for the opportunity to submit this statement regarding the status of the Choice Program in our geographic area of responsibility, which includes 28 states and three U.S. territories. It is a privilege to be of service to the Veteran constituents of so many on this distinguished committee in support of VA's critical mission to care for those who have borne the cost of the battle.

We count it a privilege to have been working in close partnership with VA since the start of the Choice Program to improve access to care for Veterans across our service area. And, we look forward to doing our part to support Secretary Shulkin and his team in the successful execution of the elements of his 10 Point Plan that are relevant to our work.

As I am sure we would all agree, there is still work to be done to mature the program so that it fully fulfills what was envisioned by Congress when it was necessarily enacted quickly in response to the access crisis. I am pleased to report, however, that our provider network has now delivered more than 4.2 million appointments for Veterans in support of VA's critical mission to care for those who have borne the cost of the battle.

A Historical Perspective

TriWest was formed 21 years ago by a group of non-profit Blue Cross Blue Shield plans and university hospital systems for the sole purpose of bringing their core competencies and unrivaled market presence to the side of government as it sought to fulfill the nation's commitment to those who answer the nation's call and their loved ones by turning to community providers to provide the needed elasticity to fully meet demand. For the leadership team of TriWest and our more than 3,000 employees, most of whom are Veterans or family members of Veterans, what we do is more than a job; it is an honor to which we are steadfastly and passionately committed!

Our first 18 years were spent supporting the Department of Defense (DoD) in standing up and operating the TRICARE program in what would ultimately be a 21-state service area. I'm proud of the work we did to assist DoD in making TRICARE a great success. While the early days of TRICARE were also challenging, we soon made it through them and that platform fulfilled its potential... especially at the height of the War on Terror, as it gave the DoD the ability to deploy a substantial portion of its medical assets to support the war fighter while we and our provider network handled a substantial portion of the need domestically.

Getting to success in TRICARE, just has been the case with each new large health program, starting with the implementation of Medicare and Medicaid in the 1960's, took several years. And, with TRICARE, DoD and the contractors had 15 months to prepare for the start-up of TRICARE and 9 months to implement it. With the Veterans Choice Program, however, this 24-month period was necessarily shrunk to a little more than 30 days. And, like after the start-up of TRICARE, we are very focused on the needed refinements so that the program matures to what was envisioned with its passage. To this end, Mr. Chairman, we look forward to responding to whatever refinements that your Committee and the Administration believe will be needed to get the program to its next iteration.

Progress Made in Refining Choice and Enhancing Access

In April 2014, the country was shocked to learn of the access crisis at the Phoenix VA Medical Center and the 14,700 Veterans standing in line waiting for care (including some 3,300 urology patients). Of course, as we now know, Veterans in many other communities were also suffering from a lack of access to needed care. Thus, it is little surprise Mr. Chairman that you and your colleagues in Congress would respond to the crisis with the sense of urgency that you did.

Shortly after the August 2014 enactment of the law creating the Choice Program, VA conducted an industry meeting to seek input on implementing the Choice Program and were told by most in industry that they simply could not respond in the timeframe required. Not believing it was appropriate to leave our fellow citizens who had borne the cost of war in a line waiting for needed care, we took a deep breath, rolled up our sleeves and stepped forward to answer the call. At that point, we and VA had a little more than 30 days to design and stand up the Choice Program; however, it was an opportunity to step up and answer the call in support of those who did whatever it took to respond in the nation's hour of need!

While I understand that it is hard for most to see past the very early challenges we experienced and those that still remain, I will tell you that I have never been more impressed in my two decades of being engaged in this work than with the uncommon focus and tireless efforts of the team at VA who rose to the occasion and collaborated fully and vulnerably to ensure that we were operational on Day One. Within record time, we created the infrastructure, hired and trained hundreds of staff, and got Choice cards into the hands of 4 million Veterans in our area of responsibility. We even stood up a state-of-the-art contact center architecture even making sure that callers to the toll-free line would end up with the right contractor and were greeted by the voice of the Secretary, thus underscoring the importance of this new initiative.

That spirit of full collaboration between VA and TriWest has progressed and matured significantly over the past two years, completely earning our respect in this very complicated and challenging journey on which we necessarily find ourselves. This is a dynamic relationship in which we all continue to refine and strengthen operational processes and communication. Although there is still work to do, I am very proud of what we have collectively accomplished and I am confident that the trajectory on which we are on will lead to continued refinement to make it even better than the solid TRICARE program is today.

One of the core challenges when we started our work with VA was that they did not have a clear view of the demand for care, which is likely part of how we all ended up here in the first place. Thus, it made it difficult to ensure a properly tailored network of providers and the subsequent needed infrastructure of

systems and people to support the real demand as a company. But, after a lot of effort and expense that reality is now well behind us in our area of responsibility.

And, then when we turned everything on we found the initial volumes to be very low and take a time to build as Veterans were just learning of the new option for access they had as a result of this program. In fact, in the first month, January 2015, we responded to and facilitated a mere 2,000 appointment requests across our entire 28 state service area. Today, we are scheduling over 100,000 Veterans a month for care in the community... a dramatic 50-fold increase in just over two years. In total, the 180,000 providers in our network have served the health care needs of more than 800,000 Veterans to the tune of over 4.2 million appointments. The average number of days to make an appointment with a community care provider is now 3 days, with less than 2% of the care requests being returned due to lack of a network provider of the specialty type needed. Further, we are now processing and paying about 97% of clean provider claims within 30 days.

Not only is the network tight and mapped to the demand profile of each market to optimally support VA in the markets in which we are privileged to serve in support of VA, to optimize customer service delivery we rolled out an infrastructure model that provides localized service in now 10 operational sites... with at least one per VISN. And, our performance is reasonably tight, with an average speed of answer below 30 seconds and servicing more than 800,000 calls per month.

Not yet finished, we and VA are in the process of building new enhancements and piloting ways to make the program even more Veteran centric and to improve the experience for community providers, just as was done in the early years of TRICARE.

I know that the road has not been painless or easy for anyone involved, especially for the Veterans we are here to serve and the providers we have asked to join us in taking care of their needs. However, tremendous progress has been made in refining the Choice Program in our area of responsibility and a lot of access is being provided.

But the mission is not yet complete, and we know that is part of the reason for today's hearing.

Mr. Chairman, like you, your colleagues on this Committee and in the rest of Congress, and the team at VA, we believe that understanding the challenges and gaps that still exist is critical to ensuring that we are focused on the right things in fulfilling the promise you all had in mind with the creation of the Veterans Choice Program.

To that end, the work of the VA OIG and GAO, and your own Committee, is critical to understanding where we sit and the road still to be travelled.

As you know, the IG recently released a report regarding their assessment of the early days of the Choice program. And we know that the GAO has been looking at the same. The work of both entities is imperative to understanding where we were in the early days of this understandably challenging journey. So, too, is knowing where we stand today... so that any action might be informed by today's reality rather than yesterday's challenges. To that end, you will find an attachment to this testimony that takes the OIG Report findings for our area of responsibility and brings the data and program performance information to the present period. We hope this will be a helpful lens to you and your colleagues on the Committee as

you contemplate where we really stand with regard to this program in at least one half of the country and what makes sense for the way ahead as you and VA seek to continue to refine this invaluable tool to enhance access to care for our nation’s most treasured asset... its Veterans.

Appointments/Program Demand

As I stated previously, the network of 180,000 providers built by TriWest Healthcare Alliance’s non-profit Blue Cross Blue Shield and University Hospital system owners has now facilitated 4.2 million appointments for Veterans in our area of responsibility. Without the Choice Act, those appointment requests would have increased appointment wait times at VA hospitals and clinics for all Veterans in need of care. Moreover, 95% of all appointments are being scheduled within 5 business days of authorization.

As a result of now streamlined processes, in the first 6 weeks of 2017, TriWest’s staff had scheduled Veterans from the creation of their authorization within an average of 2 business days (a decrease of 60% from the 2015 average of 5 business days). And rather than the required 30 days in which the appointment must be completed, TriWest’s network is seeing Veterans on average in 15 days, a decrease of 33% from our average wait time in 2016 of 20 days.

Since the beginning of the year, we have already appointed over 87,600 Veterans to care in the community.

We have also been very focused on trying to increase the accuracy of appointing. And, while we are not yet finished with the initiative, we are pleased to report that TriWest is now scheduling 98% of Veterans with the correct provider the first time.

Also important, as highlighted in one of the recent reviews, is the need to shrink the amount of time that it takes for an appointment to be scheduled with the community provider from the time that VA identified the need. While VA has been focused with its parts of the process in order to speed up the time it takes to get a Veteran to us for appointing once the need is identified, we have been focused on our part of the process that pertains to when we receive the appointment request to the date on which the Veteran is seen. We are pleased with the progress that we have made in reducing the cycle times for the various steps in our part of the process of getting the Veteran placed with the needed provider. The chart below highlights the progress we have made in this area of significant focus from the period of January-April 2016 to December of 2106:

Date	Receipt date -> accept date <i>(Average # days from date we receive VA referral, to beginning to obtain Veteran preferences/opt in)</i>	Accept date -> auth create date <i>(Average # days it takes on average to reach Veteran and obtain their preferences/opt in)</i>	Average # days from obtaining preferences, to beginning scheduling appointment	Auth create date -> scheduling date <i>(Average # days it is taking to schedule the appointment)</i>	Scheduling date -> initial appointment date <i>(Average # of additional days from scheduling the appointment to the actual appointment date)</i>	Average Life Cycle
1/1/16-4/30/16	1.68 days	2.85 days	0 days (we do not measure this; the auth is auto-routed for scheduling)	6.78 days	10.54 days	21.85 days
12/1/16-12/31/16	.28 days	2.07 days		4.41 days	11.21 days	17.97 days

Claims Processing

If community providers are asked to provide care that VA is unable to provide itself, it is critical that they get reimbursed for the services they provide on a timely and accurate basis. Unfortunately, the early struggles in TRICARE have somewhat repeated themselves with this work in support of VA.

At the start of TRICARE it became apparent that DoD had not had a good history of paying provider claims prior to when the network was built and brought to the side of the DoD direct care system to provide access to care when DoD was unable to meet the needs of TRICARE beneficiaries themselves. Early on in that work it became apparent that DoD was challenged in setting up the necessary systems and processes to enable us to pay the providers on an accurate and timely basis. And it took three years to get our arms wrapped around it and get it completely fixed. The result of that work, though, is that TRICARE contractors are processing quickly and accurately and DoD is rapidly reimbursing them for the claims they pay providers on their behalf. DoD then subsequently audits the accuracy of claims payment on the back end. But getting to that solid place of performance was very painful and was frustrating to the provider community as they thought that things would magically get better when we arrived.

In this work with VA, history has unfortunately somewhat repeated itself.

First, when we began to set up the provider network we heard from provider after provider who had not been paid timely or accurately for the services purchased from them directly by VA over the years. As we would soon discover, this was not the experience of only a few. In fact, some providers are still owed vast sums of money for services that had been ordered and were to be paid for directly by VA. They expected that it would be different with us coming onto the scene... yet some of the same gaps early on drove a repeat of their prior experience with VA. Fortunately, that is now starting to turn.

Second, VA set up this work in a fashion that had them re-adjudicating each claim we paid on its behalf, rather than reimbursing us for the claims that we paid to providers for the care authorized by VA and then performing audits for accuracy. And, what's more, they did not provide us with the rules logic so that we could map our processing system to match the way in which they wanted us process claims, nor did VA establish a process to review and resolve those claims that VA rejected. Instead, VA allowed them to stack in a queue with no process for resolution,, just as we learned has been the experience of many providers across the country prior to us engaging in this work.

Third, they started with the work being processed manually by each VISN... which led to a very inconsistent performance picture in that there was inconsistency in approach, staffing, and performance.

The difficulty of having to set up the programming of our own systems in such short order added to these complications, as did the lack of maturity in the work... which was new to all of us.

In January 2016, I brought the challenges of this issue to then Secretary McDonald, Deputy Secretary Gibson, and UnderSecretary for Health Shulkin, and Dr. Baligh Yehia, and we began the collaborative work to rectify the issues. Frankly, a lot of progress was being made quickly with the result being that we were successfully working down what had become a massive accounts receivable. In fact, nearly a year ago, we had reached a place where we were processing within 20 days against the 30 day standard. And, then in the Summer, with no forewarning to VA, HealthNet dropped 500,000 claims in VA's lap on a single day looking for reimbursement. Needless to say, with limited staff within VA and the aging of the

dates of service for those claims, VA's ability to process our invoices came to a dead stop. And, by the Fall, our performance had nosedived to nearly 65 days to process and pay providers and VA again had built up a massive accounts receivable with TriWest.

In mid-October, I reached out to the same leaders in VA and they agreed to again roll up their sleeves in search of a solution that would solve the underlying issues while eliminating our accounts receivable so that we could get back to timely processing and payment of provider claims. While it has not been a journey without complication, I am pleased to report that as a result of the hard work and focus of the entire team, and a \$45 million capital infusion by our non-profit owners, that we are nearly complete with the execution of all of the pieces of that November 5 agreement and are now back to processing and paying nearly all clean claims within 30 days.

There are three things I believe, however, that still need resolution.

First, we believe that VA should not be in the claims processing business when they have private sector organizations paying the providers in their own networks for the care that is rendered in the community. Like TRICARE and Medicare Risk, claims should be paid by the entity that built the network and then VA should audit the contractors for compliance on the back end.

Second, the antiquated process of having to estimate the nature of the encounter and the cost of every unit of care for a Veteran before he or she leaves the VA medical center for that care in the community and then reconciling it on the back end needs to come to an end. It is inefficient, ineffective, costly and slows the ability of the Veteran to get to the care they need.

And third, the turnaround for VA payment of claims invoices for contractors should be no more than 7 days. We are in effect functioning as the bank for VA. In a perfect world we would be drawing from an account they have established, but if that can't be made to happen then we should be reimbursed in more than 7 days.

While work still remains, I would be remiss if I did not compliment the team at VA. They are focused, led by a hands on Secretary and team underneath him (just as was the case prior to him stepping up into his new role), who are collaboratively attempting to resolve the issues that have been complicating our ability to achieve the success we all desire.

And, while we still have work to do, just as we did at this juncture in the early days of TRICARE, I am pleased to report that we have now processed and paid in excess of 6.5 million claims (455,000 in the month of January alone) and are again honoring our obligation to pay providers on a timely basis as VA is doing in reimbursing us for those payments.

Streamlined Processes and Procedures for Accessing Care

TriWest has worked collaboratively with VA to address a number of operational gaps that have been identified and needed adjustments are being made around five core initiatives which Dr. Yehia and his team at VA have led since January 2016:

- Simplifying the Referral/Authorization Process:
Transmitting packages to the contractor through a portal and scheduling an appointment using the Veteran's preferences is a complicated process which results in work duplication and care delivery

delays. We are working closely with VA to streamline the process, with a goal of implementing an automated process that is easy to understand and complete.

- Decrease Returned Authorizations/Make the Capturing of Return Reasons More Accurate: Authorizations are returned for several reasons, such as when no network provider is available; the Veteran declined the appointment or distance; we are unable to reach the Veteran; VA requested the authorization be returned due to inactivity or other reasons; or the authorization is a duplicate. We have worked with VA to refine and expand return reasons from the very limited number of options from which to choose to a broader set so that we can analyze the gaps by category and track performance in remediating them. In addition, we have embedded staff in over 40 VAMCs to facilitate better coordination between VA and us; continued to focus on training staff on return reasons and the return process; and spent a massive amount of money to re-tailor our network to ensure that it is sized to meet the actual needs of each VAMC in our area of responsibility. These initiatives are indeed producing success and the number of returns continues to be on the decline.
- Improve Customer Service: TriWest has improved customer service for Veterans by developing an entirely new Customer Relationship Management (CRM) System that is customized to this work, assisting in the delivery of effective and efficient customer service encounters through an improvement in the user interface and the ability to document outbound and inbound calls with Veterans. We also have implemented a Behavioral Analytics Call Monitoring System which helps improve staff interactions with customers, VA staff, providers and Veterans alike.
- Improve Process Efficiency: TriWest's VA portal is the medium through TriWest and VA staff order and track health care services in the community for Veterans, as well move information and data/information relevant to the provider and needed back in the hands of the VA provider and the medical record of the Veteran. To improve the overall process, TriWest solicited feedback on our initial VA Portal from VAMCs. Based on VA feedback, a new redesigned portal was rolled out in July 2015, bringing streamlined processes, which increased portal utilization and improved the efficiency and effectiveness for both VAMCs and TriWest.

The pace of identifying gaps and resolving them necessarily remains aggressive between our company and VA, so that we can speed the needed changes to Veterans that reside in our area of responsibility in our collective quest to enable the Veterans Choice Program to achieve its potential and enhance access to care for Veterans thus enabling VA to fulfill its mandate to care for those who have borne the price of the battle.

Continuing to Pursue the "Art of the Possible"

Mr. Chairman, I believe the Choice program is working in our geographic area of responsibility. Having said that, though, we are not finished with the refinement of the program and are in the midst of developing or testing a series of prototypes and pilots to explore that which will be most effective in further improving the program.

First, we are launching a self-appointing pilot this month in Tennessee that will leverage common technology on smart phones to allow Veterans, under controlled circumstances, to self-appoint with certain categories of providers. This is aimed at increasing efficiency for Veterans in gaining access to

the care they need. We expect it to be very successful and will be looking to quickly expand it across our geographic area of responsibility once we have proof of concept.

Second, with a desire to enhance access to needed behavioral health services in order to give VA the enhanced access to these critical services it needs, we are moving beyond simply appointing to our substantial behavioral health network numbering more than 25,000 providers. We have invested in and are training our behavioral health providers in evidenced-based therapies that are known to be maximally effective in meeting the needs of Veterans. And, we have designed and deployed a tele-behavioral health platform to connect community behavioral health providers with Veterans in need of counseling, who desire the use of this tested modality of care delivery. The initial rollout of this initiative is in Phoenix and San Diego, with geographic expansion to come soon as this is now taking hold.

Third, in an effort to ensure that those who are presenting themselves in VA Medical Center Emergency Rooms, where there is a lack of inpatient mental health beds to meet the needs of Veterans, we and VA just designed and deployed a pilot program in Wichita, KS that has us placing the Veteran in an inpatient bed in one of our nearby behavioral health network providers rather than letting them wander out the front door without receiving services and putting their life at risk. This pilot builds on a similar one we conducted in Phoenix, which was very successful in eliminating suicides of this category.

Fourth, we are testing whether it is possible to provide Veterans with ready access to lab and radiology services in the community in which they reside, drawing from our extensive network, rather than forcing them to drive great distances to a VAMC for such services. This pilot will start soon in support of the VA community based outpatient clinics in Show Low, Arizona and just north of Los Angeles, California.

Fifth, to enhance access to primary needed primary care services, particularly in the evenings and on the weekend for a Veteran suffering from an ailment such as a sinus infection, they will be able to go to a convenience clinic to receive their care, like those in the private sector, rather than waiting for the VA facility to have an available appointment. This pilot, which we and VA have been developing, will start to be tested in Phoenix, Arizona in the next couple of weeks.

Sixth, leveraging a network that includes more than 50,000 primary care providers, there are communities within our area of responsibility where VA is evaluating whether it makes sense to leverage that network versus operating or contracting for community based outpatient clinic services. In many areas, VA operates community-based outpatient clinics that are staffed by either a single provider or a part-time provider. These small clinics create continuity of care and access issues; not an ideal situation. There are also other areas where the demand just does not seem to justify the existence of the site when care is otherwise available in the network. A test is underway in a couple of communities across our geographic area of responsibility for making primary care available in the zip code in which the Veteran resides rather than making them travel to a sparsely used and staffed CBOC that is far from where they reside. In the long term, I wonder whether the VA ought not to simply leverage the network they already paid for and provide access to primary care in all zip codes but those where the density truly justifies the investment. It would be more cost effective for taxpayers and convenient for Veterans.

Lastly, in a constant effort to improve the performance of the program for Veterans and providers, VA and TriWest are in the process of launching a prototype that leverages network providers who are high-

performing through a process that will enable the community based outpatient clinic and community providers to serve the Veterans right in Harlingen, Texas rather than having to drive 5 hours each way to San Antonio or go without needed care. I believe this model will stand as one of the models that should be replicated across communities with similar attributes in order to provide Veterans will access to a collaborative approach that fully leverages the best of both VA and the community providers to meet the needs of Veterans in the most efficient manner possible. At the end of the day, the key outcomes for Veterans will be an expedited process that will offer same day authorizations for community care appointments, electronic filing and payment of all claims, and digital sharing of medical records between community providers and VA.

Mr. Chairman, it goes without saying that we are in the midst of a major reform of VA health care. We collectively have an opportunity to enhance access and make the health care delivery model more efficient and effective. I believe doing so will necessitate leveraging the best of both the public and private sectors, and we are excited about the framework defined in Secretary Shulkin's 10 Point Plan and are looking forward to learning of his specific thoughts with regard to Choice 2.0. We count it a privilege to be involved in this critical effort to enhance access to care for Veterans and will continue to push ourselves at the side of you, the rest of your colleagues in Congress and VA in attempt to achieve the optimal state of operation. A strong public-private partnership that builds on what VA does best and leverages private sector provider networks and best practices will foster innovation. It also, if configured correctly, will provide accountability and transparency, both of which are essential for regaining Veterans trust of the system. Know that we look forward to continuing to work together for the betterment of VA health care, alongside VA and Congress, and to doing whatever it takes to make sure Veterans receive needed health care promptly and easily.

Conclusion

Mr. Chairman, I hope my testimony has provided some useful information on the status of the Choice Program in TriWest Healthcare Alliance's area of responsibility, as well as what I believe to be the "art of the possible." I also hope this testimony and the progress that we have made since the necessarily very rapid design and start-up of the program has demonstrated the steadfast commitment of TriWest's leadership, owners and 3,000 employees to push ourselves in the quest to bring optimal performance and access to enable VA to be able to optimally serve those who have served. It is an honor and awesome privilege to work every day to provide access to care for those who have served this nation in uniform. We have always stood ready to implement VA health care needs within record speed and record time, and will continue to remain dedicated to this critical task, as you and your colleagues challenge all of us to continue to raise the bar in support of our nation's Veterans. We and our non-profit owners look forward to continuing to be a large part of the formula for future success in assisting VA in delivering on its responsibilities to our heroes on behalf of a grateful nation!