

STATEMENT OF THE HONORABLE DR. DAVID J. SHULKIN
SECRETARY OF VETERANS AFFAIRS
BEFORE THE
HOUSE COMMITTEE ON VETERANS' AFFAIRS
MARCH 7, 2017

Good evening, Chairman Roe, Ranking Member Walz, and Members of the Committee. Thank you for the opportunity to discuss VA Community Care, including the Veterans Choice Program, which makes it easier for Veterans to access the care they need and deserve. I am accompanied today by Dr. Baligh Yehia, Deputy Under Secretary for Community Care at the Veterans Health Administration.

History of Choice

The Veterans Access, Choice, and Accountability Act of 2014 (VACAA), which established the Veterans Choice Program, was enacted in August 2014 to help Veterans access timely care both within the Department of Veterans Affairs (VA) and in the community. VA appreciates Congress' support in providing this legislation that enhanced authorities and provided funding to better serve Veterans.

VACAA gave VA only 90 days to fully implement a nationwide program. This was unprecedented and created many growing pains. To put things in perspective, the TRICARE program took approximately three years to fully implement. The law also directed VA to change the way it operated both internally and with community partners, creating additional steps to purchase care.

In order to implement the Choice Program on this aggressive timeline, VA held an industry day seeking partners in the private sector to operate the program. Unfortunately, given the short implementation timeline, there was limited interest from industry. VA's only option was to modify previously existing national contracts for community care, which were never intended to handle the scale, scope, and complexity of the Choice Program. Despite these challenges, VA met the congressionally mandated deadline and launched the Choice Program on November 5, 2014.

Veterans Choice Program Improvements

The new requirements set forth in VACAA and the aggressive timeline for implementation presented challenges for the VA. VA is aware of these issues and has been working continually with all our stakeholders to make immediate and long-term improvements.

VA appreciates the evaluations that the Government Accountability Office and VA Office of Inspector General (OIG) conducted regarding implementation of the Choice Program. The OIG report reviewed the first 11 months of the Choice Program, a period that started more than two years ago. Specifically, the report highlighted three issues: (1) cumbersome Veterans Choice Program processes requiring Veterans to schedule their own appointments using third party contractors; (2) an inadequate network of community providers; and (3) reluctance by Veterans to use the Choice Program because of potential financial liability for treatment by community providers. VA has made significant improvements to address these and other issues. As a result, the Choice Program is no longer the program it was when it rolled out.

VA and Congress worked together on four amendments to VACAA since 2014 that improved the Veteran experience with the Choice Program including by increasing the number of Veterans eligible and expanding the number of community providers who can treat Veterans under the Program. Working with our contractors, VA issued over 70 contract modifications to improve access, efficiency, and address many of the issues raised by our oversight organizations. For example, in November 2015, VA implemented a modification requiring the contractors to initiate calls to Veterans, simplifying the cumbersome scheduling process described in the VA OIG report.

Prior to this modification, Veterans had to call the contractor, an unnecessary step. In late February 2016, VA completed a modification that decoupled the receipt of medical records from payment to the contractors. This helped improve the timeliness of payments to providers, addressed issues in the VA OIG report, and resulted in more providers joining the Choice network. In Spring 2016, VA clarified timeframes for the contractors to schedule and complete appointments, shortening the time it takes to receive community care. VA learned from TRICARE that embedding contractor and VA staff together is an effective model to improve operations and assist Veterans. In late 2015, VA implemented this model at the first location. Since that time, we have embedded contractor staff at over 50 VA medical centers across the country.

As a result of these changes and many others, more Veterans are utilizing the Choice Program than ever before. Since the start of the Choice Program, over one million Veterans have received some Choice care. In Fiscal Year (FY) 2015, Veterans received 380,000 authorizations for Choice care. In FY 2016, Veterans received over

2,000,000 authorizations for Choice care. VA has quadrupled the number of authorizations from FY 2015 to FY 2016.

Looking at early data for FY 2017, we are on a trajectory to increase use of the Choice Program even more than last year. In the first quarter of FY 2017, the number of Choice authorizations, approximately 750,000, is over 35 percent more than the same period in FY 2016. In addition to increasing the number of Veterans accessing the Choice Program, VA is working to increase the number of community providers available in the program. In April 2015, the Choice Program network had approximately 200,000 providers and facilities contracted. As of February 2017, the Choice Program network had over 400,000 providers and facilities contracted a growth of more than 125% during this time period.

Future State of VA Community Care

While progress has been made, and we are moving in the right direction, we recognize there is still work that needs to be done – and there is no time to waste. The Choice Program is set to expire in less than six months. We need Congressional action to extend the program beyond August 7, 2017 and improve the program to positively impact the Veterans' and community providers' experience. Many Veterans are using the Choice Program today, and it is important to continue to care for and support those Veterans.

These improvements are just the beginning for community care. We think Veterans deserve better, and now is the time to get this right for the future. We need a bold transformation, which will require legislation. This legislation must do three things:

(1) provide standardized, clear eligibility criteria for Veterans to get care closer to home; 2) facilitate building a high-performing network of community care providers, which has our Department of Defense, other Federal, and academic affiliate partners as the foundation, and reimburses for care using contemporary payment models; and (3) better coordination of benefits for Veterans, allowing VA to work directly with third-party insurers. We look to Congress and our stakeholders to help enact these changes for Veterans within six months. This way, once all the Choice funds are depleted, there will be a plan in place and Veterans will continue to receive uninterrupted community care.

We are committed to moving care into the community where it makes sense for the Veteran. The ultimate judge of our success will be our Veterans. So, our only measure of success will be our Veterans' satisfaction. With your help, we can continue to improve Veteran's community care.

Thank you and we look forward to your questions.