PHILIPS

STATEMENT OF

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BEFORE THE

UNITED STATES HOUSE OF REPRESENTATIVES

COMMITTEE ON VETERANS' AFFAIRS

ON

"HARNESSING BIOMEDICAL INNOVATION: MODERNIZING VA HEALTHCARE FOR THE FUTURE"

APRIL 1, 2025

Chairman Bost, Ranking Member Takano, and distinguished members of this critical committee, it is a profound honor to appear before you today. My name is Jeff DiLullo, and I have the privilege of serving as the Chief Executive Officer (CEO) of Philips North America, leading a dedicated team of close to 17,000 professionals. I'm proud to share that 17 percent of the team I lead in this region are veterans.

Philips is committed to advancing medical technology with one unwavering purpose: **improving lives**. We are driven by innovation, expanding access to quality care, and ensuring that every solution we develop is built from the ground up with patient safety and quality at its core. For over 50 years, Philips has been a steadfast partner to the U.S. Department of Veterans Affairs (VA), working to break down barriers to healthcare, deliver cutting-edge solutions, and ensure that those who have sacrificed for our country receive the world-class care they have earned. Today, when a veteran walks into a VA Medical Center (VAMC), it is highly likely they will interact with a Philips device; from a patient monitor, heart monitor, ultrasound device, Magnetic Resonance Image (MRI), Computed Tomography (CT), or more. Philips is proud of our deployment of technology at VA, which actively helps deliver superior healthcare.

The matter before us today—leveraging innovation to better serve our nation's veterans—is not just policy; it is a moral imperative. We must get this right. The VA must have the resources, the tools, and the capabilities to deliver the best possible care, as quickly as possible, to those who selflessly wore the uniform of the United States of America.

For me, this mission is deeply personal. I served as an Army Ranger and am a proud graduate of the United States Military Academy at West Point. But more important, I am a proud military father. Every morning, my daughter puts on the uniform of the U.S. Army, answering the same call to serve. One day, like so many who came before her, she will transition to veteran status and rely on the VA for healthcare. This work is not just business for me—it's personal.

History of Innovation & Partnerships at Philips

For over 100 years, Philips has been driving innovation across various domains of healthcare, ensuring that patients receive the highest quality of care. One of the key areas where Philips has made significant strides is in diagnostic imaging. Technologies such as advanced MRI, CT, and ultrasound systems developed by Philips have revolutionized the way diseases are detected and monitored, enabling earlier and more accurate diagnoses across the globe. These innovations improve patient outcomes and enhance the efficiency of healthcare providers by reducing the time and costs associated with diagnostic procedures.

In addition to diagnostic imaging, Philips is a leader in patient care solutions. We have developed cutting-edge patient monitoring systems that provide real-time data to healthcare professionals, allowing for timely interventions and better management of critical conditions. Philips' telehealth solutions have also expanded access to healthcare, particularly in remote and underserved areas, by enabling virtual consultations and remote monitoring. Furthermore, Philips' health informatics platforms integrate data from various sources to provide comprehensive insights into patient health, facilitating personalized treatment plans and improving overall care coordination.

Since 2020, Philips has led the Tele-Critical Care (TCC) program at the VA, where we empower the clinical staff of VAMCs to use tele-health to remotely monitor VA patients in Intensive Care Units (ICU) across the VA network. With nearly 92%[1] of VA facilities identifying clinical staffing vacancies, especially in more remote and suburban areas and within medical specialties, having the ability to leverage VA staff from other, more robustly staffed facilities, is critical to delivering timely healthcare.

Before exploring additional technology that would assist the VA in delivering on America’s promise to care our nation’s veterans, it is vital to understand that Philips is engaged with other federal agencies as well. Philips is proud to leverage our experiences and lessons learned elsewhere to benefit the VA. For example, in concert with the Department of Defense

(DOD),[2] Philips innovated the Rapid Analysis of Threat Exposure (RATE) technology, which is a groundbreaking Artificial Intelligence (AI) early warning system designed to detect infectious diseases before symptoms appear. Philips RATE leverages off-the-shelf wearable devices, such as an Oura ring or a Garmin watch, to monitor nearly 150 different vital signs and biomarkers of our active duty servicemembers, to identify subtle physiological changes that may indicate infection.

This type of innovation and technology has proven effective in predicting infections up to 48 hours before symptoms manifest. By providing early alerts, Philips RATE helps to contain the spread of diseases, ensuring better health outcomes and enhancing military readiness. In a military context, Philips RATE can digitize the health of our military force, giving battlefield commanders the ability to see the health and fatigue status of the warfighters, which ultimately leads to a more lethal military force. In a clinical setting, such as an ICU unit at a VA medical center, Philips RATE can help to ensure the clinical staff remain healthy and prevent them from spreading illness to immune compromised veteran patients.

Philips and the medical technology industry have continued to innovate and have many capabilities, today, that can modernize VA healthcare for the future. These are innovations that can better assist the VA in reducing clinical burnout, bring care closer to veterans and increase efficiencies that allow clinicians to spend more time with the patient and bring the best possible care to our nation's veterans. Additionally, we are thankful for the opportunity to share recommendations on how this Committee can support the VA in streamlining procurement to speed the pace of innovation at the VA.

We are all here for the same reason – we share a passion for bringing the best possible healthcare to our nation’s heroes. We believe that taking these steps will bring better healthcare outcomes for veterans, streamlined clinical workflows for clinicians and a more efficient federal agency for the American Taxpayer.

Modernizing VA Healthcare for the Future

MODERNIZING CARE DELIVERY with VIRTUAL NURSING

The Department of Veterans Affairs has successfully implemented its enterprise-wide TCC Program, formerly known as Tele-ICU, to support high-acuity patients in intensive care units across the VA healthcare system. Powered by Philips, this program has established a robust and secure infrastructure that enables remote critical care nurses and intensivists to provide real-time decision support and timely interventions for bedside clinical teams. The success of the TCC Program showcases the VA's capability to leverage virtual care technologies to improve patient outcomes and enhance the quality of care for veterans in critical settings.

The VA can build on this success by expanding virtual nursing support to lower-acuity care settings, such as medical-surgical units, stroke units, and emergency departments (EDs), which would offer more resources to clinicians and certainly yield better care for the 9.1 million veterans utilizing the largest healthcare network in America. These areas require timely intervention and monitoring. Without a nationwide Virtual Nursing and Sitter Services program, bedside nurses face increasing workloads that can lead to burnout and potential delays in patient care. In critical situations, like stroke units and EDs, early intervention can be the deciding factor between recovery and long-term disability. Virtual Nursing could provide essential clinical oversight, ensuring timely assessments, medication reconciliation, and discharge planning support – all of which contribute to improved patient outcomes and reduced hospital re-admissions.

Failing to extend Virtual Nursing beyond the ICU could pose significant risks for the VA. Without a structured program, the ability to monitor and intervene proactively for patients at risk of deterioration is limited, increasing the likelihood of preventable complications and adverse events. Staffing shortages further strain bedside nurses, resulting in longer wait times and inefficiencies in patient care. Additionally, the lack of a standardized approach leads to

disparities in care quality, as some facilities may implement fragmented virtual care solutions without the benefit of a cohesive strategy.

By learning from the TCC program, the VA can develop a lower-acuity **Virtual Nursing program** that leverages existing technology and infrastructure. Such a program could relieve on-premises and overworked nursing staff of time-consuming tasks, allowing the VA to leverage and extend the skills of clinicians in critical, specialty, or lower-acuity care settings regardless of location by providing support in areas like triage, admission assessments, patient rounding, and medication reconciliation. Leveraging its existing telehealth infrastructure and integrating with Electronic Health Records (EHR) systems, the VA can provide remote clinical decision support in real-time. A nationally managed platform would standardize virtual care solutions across the VA, enabling experienced nurses to offer remote assistance, enhance clinical collaboration, and improve patient monitoring. This proactive investment in virtual care would lead to better patient safety, reduced hospital complications, and increased staff satisfaction, ensuring that veterans receive high-quality care while optimizing the efficiency of the VA's resources.

EXTENDING RADIOLOGICAL EXPERTISE at VA

Currently, the way the Department of Veterans Affairs manages its radiology departments is with each department relying primarily on its own resources and expertise. This isolation is a significant disservice to veteran patients, as it prevents them from benefiting from the clinical skill sets of radiology staff at other facilities and is an antiquated way of practicing medicine. Often, new or less experienced radiology technicians have questions about operating complex equipment, capturing different types of images, or how to adjust patients to achieve better-quality scans, particularly during late night or holiday shifts. In these situations, the lack of access to experienced specialists can lead to delays in care and potential quality issues. Without the ability to collaborate and leverage expertise across VA facilities, veterans—especially those in rural or understaffed areas—may not receive the timely and high-quality care they deserve.

Creating a network that connects all VA radiology departments would allow facilities to share resources and expertise whenever needed, ensuring a more consistent standard of care for all veterans. By implementing a centralized network or system, the VA could facilitate real-time support and training opportunities for staff, enabling them to consult with specialists across the system when they encounter challenges. This collaboration would greatly enhance the quality of radiology care, particularly for veterans in rural and understaffed facilities, ensuring they receive the same level of expertise and attention as those in larger urban centers.

In addition to improving the diagnostic process, this network would streamline workflows, reduce wait times, and minimize the need for repeat imaging, all of which would contribute to better overall veteran patient satisfaction. By harnessing advanced technology and fostering collaboration, the VA can create a more efficient radiology service that meets the needs of all veterans. The VA has demonstrated its expertise in deploying and leveraging this kind of virtual care platform with the success of the TCC program. Applying this approach to radiology, veterans in underserved areas would gain access to the "big city level of care," significantly improving their diagnostic experiences and health outcomes while ensuring that no veteran is left behind in receiving the care they rightfully deserve.

The **Philips Radiology Operations Command Center** (ROCC) is an innovative solution that brings together imaging experts and technologists from various VA locations to work more effectively and collaboratively. This FDA-cleared remote scanning platform allows radiological specialists in a central command center, located at a VAMC, to connect with technologists operating imaging machines in real-time. The ROCC allows and enables VA clinicians to communicate, talk, and even video call each other, which means experts can remotely view and fine-tune imaging exams while seeing the scanner's controls at the same time. This approach not only improves the quality of images but also ensures more accurate diagnoses and a smoother workflow, all while ensuring patient privacy and safety remains a top priority.

Implementing the ROCC, or a similar system, in the VA, would greatly benefit both healthcare providers and veteran patients. With real-time expert support, the need for repeat imaging is reduced, diagnoses are sped up, and patient care improves overall. For the Imperial College Healthcare, an organizational unit within the National Health Services (NHS) of Wales and England, ROCC has doubled training speed and capacity to 2 radiographers trained per session instead of 1, yielding a 133% increase in the number of radiographers trained on MRI Cardiac Stress Imaging within 4 weeks. With ROCC, 40% of exams resulted in removal of unnecessary sequences, shortening the exam and optimizing the patient experience. ROCC has also provided 11% reduction (7 minutes) in the average scan time for routine Cardiac MRI exams, as well as a 9% reduction (6 minutes) in the average scan time for complex Cardiac MRI Stress perfusion exams. Imperial College of Healthcare has seen a 0% recall rate for ROCC-aided exams and a 54% reduction in overall recall number year-over-year (YoY). This system also helps ease staffing shortages by allowing one radiology expert to assist multiple locations, making sure even rural or underserved facilities have access to top-notch imaging expertise. Moreover, the platform provides valuable on-the-job training for technologists, enhancing their skills and ultimately enabling the VA to deliver faster, more accurate, and efficient care to veterans across the country.

MODERNIZING CANCER DIAGNOSIS with DIGITAL PATHOLOGY

Being told you might have cancer is one of the most terrifying moments any patient can face, especially veterans, who often experience a heightened risk due to hazardous exposures during their service. The uncertainty and fear that comes with this moment absolutely requires a swift and accurate diagnosis.

At the heart of cancer diagnosis is the pathologist, the first line of defense in identifying malignancies. Today, most pathologists still place a biopsy between two pieces of glass creating a slide that is then examined under a microscope. As a result, the diagnostic process remains slow and inefficient, delaying treatment for patients in urgent need of answers. For veterans, the stakes are high. The VA has found that veterans face a 25-to-76 percent higher

risk of certain cancers due to service-related exposures, making timely diagnoses even more critical.

Compounding these challenges, VA policy requires that any potential cancer biopsy be reviewed by two pathologists from different VA hospitals. This mandate necessitates the physical transportation of biopsy slides between facilities, often hundreds of miles apart, further delaying diagnoses and preventing timely intervention. These delays can be agonizing for veterans and their families, who are left waiting in uncertainty, while their condition may worsen.

One of the most promising advancements transforming the pathology field is the complete digitization of the pathology process. **Philips Digital Pathology** is revolutionizing disease diagnosis by allowing pathologists to analyze high-resolution digital slides remotely and in real-time collaboration. Digital Pathology enhances efficiency, collaboration, and accuracy by seamless data sharing. The result is accelerated workflows, and better patient outcomes—particularly for those facing life-threatening conditions.

Philips has formed a strategic partnership with Ibex to drive innovation in this space and to globally commercialize clinically proven, AI-powered digital pathology solutions. This partnership improves reporting efficiency by 27%, driving 37% productivity gains, improving consistency and accuracy, and enhancing diagnostic confidence to catch cancer in its earliest stages.

Today, Philips Digital Pathology is a solution being used by leading academic medical centers like NYU Langone and Stanford Medicine. It is already operational in 44 of the 170 VA Medical Centers, delivering measurable benefits by reducing the time veterans and their families must wait for critical diagnoses. However, like many technology adoptions within the VA, implementation has been incremental, spreading facility by facility as clinicians witness and share its impact firsthand.

PACT ACT & FOUR-DIMENSIONAL PULMONARY SCREENINGS at VA

Every day, thousands of veterans struggle with undiagnosed and untreated breathing problems, grappling with symptoms like shortness of breath, cough, and wheezing. Traditional diagnostic tests, such as Pulmonary Function Tests (PFTs) and standard imaging, often fail to identify the underlying causes of these symptoms, leaving our heroes to suffer in silence. The surge in beneficiaries under the Sergeant First Class Heath Robinson Honoring our Promise to Address Comprehensive Toxins (PACT) Act has only intensified this crisis, overwhelming an already strained system with limited providers and testing availability. As a result, veterans and their families experience delays in diagnosis and inadequate care, undermining the sacrifices they have made for our nation.

Currently, patients with undiagnosed shortness of breath or dyspnea often face a diagnostic journey spanning 18to-24 months and involving multiple tests – including PFTs, chest X-rays, and CT scans. For severe cases, this journey may involve invasive open lung biopsies that come with costs up to $30,000, on top of the long recovery period for the patient. This approach is not only daunting for our veterans, but it also highlights the urgent need for less invasive diagnostic options.

Acknowledging the need for faster, affordable, and less invasive ways to identify and diagnose lung disease, Philips, in concert with our partner, 4DMedical, innovated an FDA-cleared **cardiopulmonary software** that can transform standard CT imaging into a detailed four-dimensional image. This advanced technology allows VA clinicians to better assess pulmonary function and leads to faster diagnoses and less invasive procedures. By leveraging this four-dimensional lung screening, VA can improve health outcomes for veterans and reduce dependency on taxpayer resources.

This innovation empowers clinicians by providing tools to quickly assess lung health and prioritize those needing specialized care. Philips, in partnership with 4DMedical, is committed to transforming the way we diagnose and treat respiratory conditions in veterans.

The platform plays a key role in aiding clinicians in the diagnosis, particularly for veterans, helping with the early detection of conditions like chronic obstructive pulmonary disease (COPD), deployment-related respiratory disease (DRRD), interstitial lung disease (ILD), asthma, pulmonary fibrosis, and lung cancer

This non-invasive approach reduces costs associated with unnecessary procedures, accelerates diagnosis and expedites treatment, significantly enhancing the overall patient experience. The impact is so profound, we have heard stories of veterans seeking out this technology on their own, outside of VA provided care, and at their own personal expense. For instance, a case study involving a 41-year-old veteran with a history of deployment to Iraq showcased how the four-dimensional scan provided critical insights after nearly two decades of inconclusive testing, validating symptoms and confirming a likely diagnosis of DRRD without invasive procedures.

By embracing advancements like this four-dimensional lung screening, utilizing the Philips CT, we are exemplifying the textbook definition of modernizing healthcare at the VA and leaning into the future—all for the benefit of our nation's veterans. We must continue to champion these technologies to ensure that every veteran receives the timely and effective care they rightfully deserve.

CREATING a TELE-ULTRASOUND NETWORK & LEVERAGING EXPERTISE at VA

The Department of Veterans Affairs currently faces a significant challenge due to the lack of access to ultrasound experts, which impacts the quality of care provided to veterans. The absence of a nationally deployed Tele-Ultrasound Program limits the ability of clinicians and sonographers to collaborate in real-time, receive immediate support, and access live training. As a result, many ultrasound exams are performed without the benefit of specialized guidance, leading to delays in diagnosis, workflow inefficiencies, and an increased need for repeat imaging.

In 2021, the VA's Market Area Health Systems Optimization (MAHSO[3]) initiative developed 96 draft market assessments across the 18 VA Veterans Integrated Service Networks (VISNs). These assessments were part of the VA Maintaining Systems and Strengthening Integrated Outside Networks (MISSION) Act of 2018, which aimed to identify opportunities for improving healthcare delivery. One key recommendation from the September 2021 report emphasized the need for designating and equipping select clinic exam rooms with advanced telehealth technology, including ultrasound equipment, to enhance telehealth services.

In 2024, VISN 17 acquired Philips Collaboration Live tele-ultrasound solution for a Point of Care Ultrasound (POCUS) Training Program. Collaboration Live is currently being used to remotely train VA clinicians on tele-ultrasound. There remains significant potential to expand this program and extend it to clinical use cases.

Without a secure and integrated tele-ultrasound solution, VA clinicians and sonographers struggle with limited access to remote imaging experts, decision support, and training opportunities. This lack of resources negatively impacts diagnostic accuracy and patient outcomes, leading to longer wait times for specialist input and increased reliance on repeat imaging due to suboptimal scans. Furthermore, staffing shortages and the absence of on-demand training resources hinder VA clinicians' ability to stay current with evolving ultrasound techniques and best practices.

Implementing a secure, real-time tele-ultrasound solution would dramatically enhance clinical collaboration, improve workflow efficiency, reduce costs, and ultimately provide veterans with better, faster, and more precise care. By leveraging advanced technology, the VA can ensure that all clinicians have the support they need to deliver high-quality ultrasound services, regardless of their location.

Philips Point-of-Care Ultrasound (POCUS) with **Collaboration Live** is a groundbreaking tele-ultrasound solution that significantly enhances real-time communication and

collaboration among healthcare professionals. Integrated directly into Philips ultrasound systems, it allows VA clinicians and technologists to connect instantly through secure text chat, audio calls, webcam video sharing, screen sharing, and remote system control—all without the need for extra software or hardware. This seamless connectivity ensures that our dedicated healthcare providers can access remote expertise in an efficient manner, improving the quality of ultrasound exams, training, and service support.

For the VA healthcare system, POCUS offers vital benefits that directly impact the care of our veterans. It enables faster and more accurate diagnostics, enhances clinician training, and minimizes system downtime. With remote consultations, imaging specialists can provide real-time decision support, elevating the speed and quality of care that veterans receive. On-demand training keeps Veterans Health Agency (VHA) clinicians up to date with the latest protocols while keeping costs manageable.

Built on Philips' secure Reacts cloud-hosted platform, Collaboration Live prioritizes data security and patient privacy. The system does not collect or store any patient data, and screen-sharing sessions automatically remove sensitive information to comply with VA security standards. With a user-controlled, encrypted access model, this platform is a safe and effective way to expand the VA's ultrasound capabilities. It empowers our clinicians to deliver faster, more precise, and higher-quality care for veterans across the nation, enhancing the healthcare experience for those who have served our country.

Deploying a VA enterprise-wide Tele-Ultrasound program would transform the way ultrasound services are delivered, resulting in faster, better care for our veterans. By streamlining clinical workflows, ultrasound clinicians can work more efficiently and effectively, ensuring that patients receive timely diagnoses and treatments. In addition, this program would likely lead to cost savings for the VA and American taxpayers by reducing the need for repeat imaging and optimizing resource utilization. A 30-patient study demonstrates that Collaboration Live enabled 100% of patient consultations to be conducted using tele-health; these patients felt they had better access to healthcare through tele-health delivered

with Collaboration Live. This study also confirmed that physician assessment found that 90% of consultations were equivalent to an in-person visit.[4]

VA NATIONAL ENTERPRISE IMAGING SYSTEM

The Department of Veterans Affairs currently relies on multiple disconnected, on-premises imaging systems across its VISNs and VAMCs, and various diagnostic specialties. This fragmented approach makes it difficult for healthcare providers to efficiently store, retrieve, and share medical images such as X-rays, MRIs, and ultrasounds. Each medical specialty, such as radiology, cardiology, pathology, point-of-care ultrasound, dental imaging, ophthalmology, endoscopy, clinical video, radiation oncology and dermatology, relies on its own distinct Picture Archiving and Communication System (PACS), with no standardized imaging platform across the VA.

As a result, these disparate systems hinder integration, complicating imaging exchange, artificial intelligence deployment, and long-term image archiving. In some cases, such as radiology, standardization is required at the VISN level, but with 18 VISNs nationwide, significant variation still exists. In other specialties like cardiology, each of the 170 VAMCs independently procures its PACS, further exacerbating inconsistencies. This lack of interoperability places an undue burden on clinicians, making it difficult to access, manage, and collaborate on medical imaging across specialties and geographic locations—ultimately impacting the quality of care provided to our nation's veterans.

The lack of a unified imaging system leads to delays in patient care, inefficiencies in clinical workflows, and inconsistent data across facilities. This fragmentation also hampers interoperability with the DOD and community healthcare providers. As a result, veterans receiving care outside VA must often transport their diagnostic images via film or compact disc due to the absence of a national enterprise imaging system which facilitates bilateral image exchange.

With the VA handling over 25 million imaging studies (exams) annually, its outdated on-premises infrastructure cannot keep pace with the growing demand. Modernization efforts require migrating approximately 80 petabytes of imaging data to a cloud-enabled platform capable of supporting over 90,000 concurrent users, integrating AI-driven automation, and maintaining compliance with security and regulatory standards. Without a scalable, vendor-neutral, and AI-enhanced enterprise imaging solution, the VA risks continued inefficiencies, higher costs, and compromised care for millions of veterans who depend on timely and accurate medical imaging.

To provide veterans with the highest standard of care, the VA should modernize its imaging infrastructure to enable seamless data sharing across its facilities, the DoD, and community healthcare providers within the Community Care Network (CCN). The **Philips Image Management System** offers a scalable, AI-enabled platform that integrates imaging data across clinical specialties, improving access, management, and analysis of high-resolution clinical images and scans. The Philips Image Management System enhances clinical collaboration, optimizes workflow efficiency, and increases diagnostic accuracy while ensuring interoperability through advanced visualization, health imaging exchange, and multimodal data integration.

Philips has already demonstrated its ability to scale effectively within the VA; currently, nine of the VA's 18 VISNs have standardized on Philips radiology PACS. Additionally, 77% of VA facilities rely on Philips imaging clinical application platforms, while 65% of VHA facilities utilize Philips cardiovascular informatics solutions. By adopting the Philips Enterprise Imaging Solution, or a similar technology from another vendor, the VA can potentially eliminate the inefficiencies of disconnected imaging systems, ensure faster and more accurate diagnoses, and provide veterans with the seamless, high-quality healthcare they deserve.

Streamlining & Modernizing VA Procurement

For leading healthcare technology innovators like Philips, the process of introducing cutting-edge products and solutions into the VA healthcare system is significantly slower than in the private sector. In our experience, the VA typically takes 18 months to procure new medical imaging equipment and an additional 24 to 36 months to deploy that equipment for clinical use. **As a result, the total time from when a VISN or VAMC submits a request for new imaging equipment to when it's available for veterans' care often exceeds three years**.

Consequently, breakthrough advancements in biomedical equipment are usually not implemented in the VA until they are already common in commercial healthcare, stifling innovation, limiting veterans' access to cutting-edge technology, and creating inefficiencies. Medical imaging technology encompasses diagnostic equipment such as MRI systems, CT scanners, and X-ray machines, as well as therapeutic tools like Image Guided Therapy (IGT) labs used for cardiac procedures, stroke treatment, and surgeries. Additionally, biomedical equipment includes crucial devices like physiological monitors, anesthesia machines, ventilators, and health IT applications that provide lifesaving support and real-time decision-making capabilities. However, veterans often lack access to the latest diagnostic, therapeutic, and monitoring technologies due to several inefficiencies in the VA's procurement and deployment processes.

The VA’s procurement path for medical imaging technology typically goes through the VA National Acquisition Center (NAC), where requirements from VISNs and VAMCs are consolidated into a few large procurements each year. While this strategy aims to create competition and lower costs through volume discounts, the consolidation process places a heavy burden on clinical, biomedical engineering, and procurement staff, leading to delays as one requirement can hold back an entire group. This lengthy procurement timeline—averaging 18 months—means the VA rarely obtains the most innovative technology.

Moreover, the cumbersome Federal Risk and Authorization Management Program (FedRAMP) process complicates the integration of new medical technologies. Equipment manufacturers must secure FedRAMP authorization to connect their solutions to the VA's IT infrastructure. This process is often confusing and costly, particularly for IT cloud solutions, resulting in delays as VA clinicians and industry partners navigate regulatory challenges. FedRAMP was established to ensure cloud computing services meet rigorous security standards, but its complexities can hinder timely access to necessary innovations.

Funding and accounting practices within the VA also interfere with the efficient deployment of newly procured medical equipment. Different funding sources, such as Medical Services appropriations for equipment purchases and Medical Facilities appropriations for construction, may not align, causing further delays in installation. Additionally, the management of capital funding versus operating funding complicates decisions regarding buying versus leasing equipment.

To improve the situation, best practices should be adapted with the needs of veterans, caregivers, and clinicians in mind. Collaborating more effectively with industry can lead to quicker implementation of innovative technologies, ensuring veterans receive timely and compliant care. For medical equipment procurements, commercial Group Purchasing Organizations (GPOs) streamline processes by offering clinicians a choice of several vendors for various technology categories, which expedites decision-making and reduces costs through volume purchases.

Congress can modernize and enhance flexibility within the VA procurement process by streamlining the FedRAMP authorization process for clinical IT solutions, simplifying the NAC consolidation process for acquiring advanced medical imaging technology, and exempting the VA from Federal Acquisition Regulation (FAR) Part 16. This exemption would enable VAMCs to select from a pre-awarded list of preferred vendors under Multiple Award Contracts. Additionally, amending 41 U.S.C. § 4106(c) to exempt innovative solutions

in healthcare settings from stringent regulations would allow for vendor selection based on clinical judgment and proper justification.

FAST TRACK to BREAKTHROUGH INNOVATION at VA

The VA has a proud history of innovation that has transformed patient care and improved the lives of veterans. In fact, the VA played a pivotal role in developing the first-ever pacemaker, successfully implanted in 1958, which revolutionized cardiac care. The VA is also credited with creating Tylenol (acetaminophen), a safer pain relief option that has become a cornerstone of modern medicine. Furthermore, the VA has advanced prosthetics, designing modern artificial limbs that greatly enhance mobility and quality of life for veterans. In recent years, the VA has taken significant strides in telehealth, expanding access to healthcare for veterans, especially in rural areas.

The Office of Healthcare Innovation and Learning (OHIL) leads the VA's efforts to develop and implement new healthcare solutions, services, and funding models that align with its mission to provide exceptional care to Veterans. OHIL comprises three core programs: SimLEARN, which includes the National Simulation Center, the VHA Innovation Ecosystem, and the Center for Care and Payment Innovation. Together, these programs form a collaborative team that has successfully designed, developed, tested, and scaled numerous healthcare innovations across the VA. Additionally, OHIL is part of the VHA Discovery, Education, and Affiliate Networks (DEAN), which collaborates with the VA Office of Academic Affiliates and the Office of Research and Development to enhance the VA's capacity as a learning organization that accelerates innovation.

In September 2022, the VA launched the Accelerating VA Innovation and Learning (AVAIL) initiative, a multi-award contract vehicle aimed at supporting and enhancing the VA’s ongoing healthcare innovation efforts. AVAIL focuses on five key innovation areas: Personalized Care, Data Transformation, Digital Health, Immersive Technology (Extended Reality), and Care and Service Delivery. This initiative aims to augment the VA's ability to

design, develop, and test novel solutions within its healthcare environment, ensuring they create meaningful value for clinicians, administrators, caregivers, and veterans before broader deployment. While AVAIL has the potential for a five-year, $650 million contract, current utilization and funding stand at $29 million, which is below expectations for this important innovation initiative.

Congress should consider empowering the VA Office of Healthcare Innovation and Learning with increased funding and directive to identify faster ways of identifying innovative life-saving technology. Additionally, Congress can require an annual report from VA OHIL to this Committee on its annual activity.

Closing: Chairman Bost, Ranking Member Takano, thank you so very much for hosting this important hearing today. I also want to express our sincere appreciation for the staff of this committee, who work tirelessly to ensure our nation's veterans have a VA that works for them. As we discuss the critical innovations needed to enhance the care provided to our nation’s veterans, I want to emphasize that Congress and the House Committee on Veterans' Affairs will be hard-pressed to find a better innovation partner and friend for the VA than Philips. We have a longstanding commitment to supporting the VA, the U.S. servicemembers, veterans, and their families, and we take pride in being part of this vital community.

At Philips, our corporate goal is to bring better care to more people around the world. We believe there is no better population to support and advocate for than our veterans. We are not just a company that talks about support; we actively put our resources behind it. We are proud to partner with organizations such as The American Legion, the Veterans of Foreign Wars, the Elizabeth Dole Foundation, and the Medal of Honor Society and Foundation, empowering them to make a difference in the lives of those who have served our country. Together, we can ensure that our veterans receive the innovative healthcare solutions they deserve, and we look forward to continuing this important work alongside all of you.

For more information about Philips North America, this testimony, or our support for the 18 million U.S. veterans, please contact Mr. Matthew Shuman, Director of Congressional & Military Affairs for Philips at Matthew.Shuman@philips.com.