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DEPARTMENT OF VETERANS AFFAIRS (VA)
BEFORE THE
SUBCOMMITTEE ON HEALTH
HOUSE COMMITTEE ON VETERANS' AFFAIRS**

FEBRUARY 2, 2016

Good morning, Chairman Benishek, Ranking Member Brownley, and Members of the Committee. Thank you for the opportunity to discuss the Department of Veterans Affairs' (VA) proposal to consolidate VA's community care programs to increase access to health care, specifically the portion of the proposal that would streamline eligibility criteria to reduce confusion and frustration among Veterans, community providers, and VA staff. I am accompanied today by Kristin Cunningham, Director, Business Policy in VHA's Chief Business Office.

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*, 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* (Choice Act).

On October 30, 2015, VA provided Congress with its plan for the consolidation of 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 established by section 101 of the Choice Act and incorporate additional elements designed to improve the delivery of community care.

One aspect to the New VCP would be establishing clear eligibility requirements for community care. Currently, overlapping eligibility criteria for different methods of accessing community care creates confusion among Veterans, community providers, and VA staff. Eligibility to enroll in and access VA's health care system would not change with the New VCP. However, the New VCP would define a single set of eligibility requirements for the circumstances under which Veterans may choose to receive health benefits from community providers as well as expand and simplify access to emergency treatment and urgent care. This will enable timely and convenient access to care in alignment with best practices.

Background

Current eligibility creates confusion due to multiple, overlapping criteria for each different method of purchasing care. The New VCP would reduce confusion by standardizing requirements across facilities regarding when a Veteran may choose to receive community care, while still providing local flexibility to respond to unique needs of Veterans (e.g., local services, geography, and unusual or excessive burden). The need for simplifying eligibility criteria directly addresses the recommendation to "streamline programs for providing access to purchased care and use them strategically to maximize access" outlined in the Independent Assessment Report¹. The eligibility criteria will be grouped into the following categories:

- **Hospital Care and Medical Services:** Patient eligibility criteria for the New VCP will provide Veterans with timely and convenient access to care based on wait-times, distance to a VA Primary Care Provider (PCP), or availability of services.
- **Emergency Treatment and Urgent Care:** Eligibility criteria will increase access to these services and simplify access rules to prevent the denial of claims for the appropriate use of these services.
- **Outpatient medication and Durable Medical Equipment (DME): extended care services:** Eligibility criteria will not be altered as any adjustment would constitute a fundamental change to the VA health benefit.

VA compared the current eligibility criteria for purchasing community care to commercial health plans and Federal program approaches to develop the New VCP criteria. A number of findings from this review informed design of the patient eligibility criteria for the New VCP.

Eligibility for VA Health Benefit and Eligibility for Community Care

Eligibility for community care is independent of eligibility to enroll in VA health benefits. A Veteran must be eligible for and enrolled in the VA health benefit before VA will evaluate the Veteran for eligibility for community care. Eligibility for enrollment in the VA health benefit is based on level of Service-Connected (SC) disability, other special authorities (e.g., awardees of the Medal of Honor and former Prisoners of War), and income. These characteristics determine a Veteran's enrollment priority group. Enrollment priority groups range from 1 to 8, with 1 being the highest priority. All

¹ Independent Assessment Report Section B: Health Care Capabilities

enrolled Veterans enjoy access to VA's comprehensive medical benefits package; however, some benefits (e.g., dental care) have additional statutory eligibility requirements. After a Veteran is enrolled in VA health care, the eligibility criteria for VA's various methods for purchasing care in the community then can be applied to determine when a Veteran may receive his or her health benefits outside of a VA facility.

Unique Considerations for VA

There are a number of factors that make VA unique compared to commercial health plans.

- **Coverage** – VA is required to provide coverage to Veterans in areas where VA does not have physical facilities or an established provider network. Commercial health plans generally do not offer products where they cannot meet coverage requirements.
- **Other Health Insurance (OHI)** – Approximately 78 percent of Veterans have OHI and only rely on VA for certain services (e.g., hearing aids and eyeglasses). Changing the services Veterans are eligible to receive in the community or what they pay for those services could affect Veteran's reliance on VA versus OHI, including TRICARE, Medicare, and Medicaid.
- **Teaching and Research Missions** – In addition to providing high-quality care to men and women Veterans, VA has research and education missions critical to the VA system and the nation as a whole. In 2014, VA supported 2,224 medical and prosthetic research projects totaling \$586 million in research investment² and provided clinical training to 41,223 medical residents, 22,931 medical students, 311 Advanced Fellows, and 1,398 dental residents and dental students³. In addition, many Veterans value participation in VA training and research and consider them to be an important part of the VA care experience. Over time, decreasing utilization of VA facilities may jeopardize VA's ability to deliver on these missions.

Current State

VA has multiple sets of eligibility criteria for the various authorities and methods of purchasing community care. Several of these criteria overlap, creating confusion among Veterans, community providers, and VA staff and providers. Broadly, these criteria have focused on providing surge capacity and have been grouped into three categories:

1. **Wait-Times for Care:** VA was not able to provide the service within an acceptable time frame, based on medical need.
2. **Geographic Access/Distance:** A VA facility was not available within an acceptable travel distance of the Veteran's home.
3. **Availability of Service:** A facility in the local VA network either did not provide the required service or there was a compelling reason why the Veteran needed to receive care from a community provider.

² Source: Veterans Health Administration, Office of Research and Development

³ Source: Veterans Health Administration, Office of Academic Affiliations

Additionally, eligibility varies by the category of care (hospital care and medical services; and emergency treatment):

Emergency Treatment

Currently, a Veteran is eligible to receive emergency treatment through community care by authority of 38 United States Code (U.S.C.) Section 1703, 38 U.S.C. Section 1725, and 38 U.S.C. Section 1728. Eligibility for emergency treatment varies by authority.

Since determination of these claims is nuanced, and unclear for Veterans, there are a large number of denied claims. When denied, the financial responsibility for these claims, which can be substantial, often falls on Veterans or their OHI, resulting in unanticipated financial challenges for Veterans. As an example, between the beginning of FY 2014 and August 2015, approximately:

- 89,000 claims were denied because they did not meet the timely filing requirement.
- 140,000 claims were denied because a VA facility was determined to have been available.
- 320,000 claims were denied because the Veteran was determined to have OHI that should have paid for the care.
- 98,000 claims were denied because the condition was determined not to be an emergency.⁴

In FY 2014, approximately 30 percent of the 2.9 million emergency treatment claims filed with VA were denied, amounting to \$2.6 billion in billed charges that reverted to Veterans and their OHI. Many of these denials are the result of inconsistent application of the “prudent layperson” standard from claim to claim and confusion among Veterans about when they are eligible to receive emergency treatment through community care. Additionally, VA is not authorized to reimburse Veterans for urgent care, which is typically lower cost than emergency treatment, and encourages health care in the appropriate setting.

Future State

The objective of the New VCP is to create a set of criteria that are simple and intuitive for Veterans, community providers, and VA staff. This will be accomplished by eliminating the multiple overlapping criteria for accessing Hospital Care and Medical Services, including Dentistry, in the community. The single, nationally defined set of eligibility criteria for the New VCP can be consistently implemented while providing VA facilities the flexibility to respond to unique circumstances, such as excessive burden in traveling to a VA facility or the medically-indicated need to see a provider in a timeline shorter than the VA wait-time standard for a service. In addition, the New VCP includes simple criteria for accessing Emergency Treatment and Urgent Care. This should increase access and reduce denied claims while incentivizing appropriate use of these services.

⁴ Source: VHA Chief Business Office, Office of Informatics

Eligibility criteria for each category of care are as follows.

Hospital Care and Medical Services

The eligibility criteria for Hospital Care and Medical Services, including Dentistry services, in the community will continue to be focused broadly on wait-times for care, geographic access/distance, and availability of services. The criteria will be streamlined into a single set of rules applied across the VA health care system. To ensure VA meets the unique needs of Veterans, VA will have flexibility at the local level through clarified guidance on exceptions. The process also will include clear appeal and grievance mechanisms for Veterans to dispute eligibility determinations.

When Veterans are determined to be eligible for community care, VA will provide them with information on providers and appointment availability at VA and in the community. This will allow Veterans to choose a convenient appointment from the provider of their choice. The primary change in this proposed vision is to focus eligibility for geographic access/distance on access to a PCP. PCPs play a critical role in coordinating care and providing preventative care, so convenient access is necessary. Veterans eligible for the New VCP under either of the geographic access/distance criteria will have the option to choose a community PCP. The community PCP could then refer the Veteran to specialty care in the community or at VA as appropriate and authorized by VA. This approach is consistent with best practices, which emphasize providing access to a PCP.

Emergency Treatment and Urgent Care

As part of the New VCP, VA had proposed an update to emergency treatment and urgent care in the community authorities, as one option to attempt to simplify Veterans' experiences in seeking care. VA estimated that the expanded emergency treatment and urgent care proposal could cost over \$1.5 billion, independent of other aspects of the New VCP.

Conclusion

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 VA's plan into an executable, fiscally-sustainable future state. In addition, VA plans to review feedback and potentially incorporate recommendations from the Commission on Care and other stakeholders including Veterans, community providers, VA staff, and industry leaders. VA will work with Congress and the Administration to refine the approach described in the 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.

Delivering the New VCP will not be successful without approval of recommended legislative changes and recommended budget. 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. VA is willing to work with Congress to address the

cumbersome emergency treatments authorities which have a negative impact on Veterans both reducing access to critical services and increased financial liability.

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. VA looks forward to a successful implementation of the New VCP and partnering with Congress to support requested legislative authorities and additional resources. This transformation will position VA to improve access to care, expand and strengthen relationships with community providers, operate more efficiently, and improve the overall Veteran's experience.

Thank you. We look forward to your questions.