STATEMENT

of the

American Medical Association

for the Record

U.S. House of Representatives
Committee on Veterans' Affairs
Subcommittee on Health

Re: Choice Consolidation: Improving VA Community Care Billing and Reimbursement

February 11, 2016

Division of Legislative Counsel
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The American Medical Association (AMA) appreciates the opportunity to submit this statement for the record in regards to the Committee on Veterans' Affairs Subcommittee on Health's hearing today on Choice Consolidation: Improving VA Community Care Billing and Reimbursement. The AMA is strongly committed to helping Congress and the Department of Veterans Affairs (VA) ensure the comprehensive delivery of, and timely access to, primary and specialty health care for our nation's veterans. The AMA was an early supporter of the Veterans Choice Program (VCP) and we support the VA's ongoing efforts to reform and improve the care delivery experience from the perspective of both the veteran patient and the physician.

We commend the VA for recognizing that the VCP has not been working as intended, and we support the VA's proposal to consolidate the VCP and all existing community care programs into one streamlined program. Consolidating the programs should create efficiencies and eliminate duplication and costs in administering the new VCP. We think that the poor response to the existing VCP has in part been due to confusion by veterans and physicians between the VCP and the other community care programs, such as the Patient-Centered Community Care (PC3) Program. In order to be effective, the VA's partnerships with private physicians in the community need to be streamlined and easy to navigate for veterans, physicians, and VA staff.

Specifically, we support the VA's proposal to streamline and automate billing and reimbursement processes. According to the VA, "The current VA claims infrastructure and claims process are complex and inefficient due to highly manual procedures, and VA lacks a centralized data repository to support auto adjudication" (U.S. Department of Veterans Affairs, Plan to Consolidate Programs of Department of Veterans Affairs to Improve Access to Care," October 30, 2015, at page 49). The VA has more than 70 centers processing claims across 30 different claims systems, and limited automation with paper-based processes that result in late and incorrect payments. Improving the VA's reimbursement processes would alleviate some of the complaints that physicians and other providers have had tied to the VCP, e.g., administrative

hassles and delays in payment. Moving toward auto-adjudication and away from requiring medical records for reimbursement—a current VA requirement—should help to improve claims processing accuracy and predictability and allow claims to be paid promptly, thereby providing an incentive for physicians to join and remain in the provider network.

Under the VA's proposal, the VA intends to standardize provider reimbursement rates to align with regional Medicare rates under a single program and will remain the primary payer. While we appreciate that the VA is moving in the right direction in terms of basing payment to providers on Medicare rates, the AMA supports the Medicare rate as a floor, not a ceiling, especially in areas where there are significant needs for service and limited available specialists. We also appreciate that the VA acknowledges the importance of increasing the transparency of payment rates to providers and allowing regional variation, where needed, recognizing the expense of clinical practice outside of the VA facilities.

We are concerned, however, about the proposal for tiered networks in the New VCP. The VA indicates that they intend to provide veterans access to a tiered, "high-performing network," which will reward providers for delivering "high-quality care" while promoting veteran choice and access. The VA indicates that it will apply industry-leading health plan practices for the tiered network design and that providers in the Preferred tier, versus the Standard tier, must "demonstrate high-value care" in order to be considered in the Preferred tier and to receive higher payment. It is unclear, however, how "high-value care" will be determined or demonstrated. Given the numerous issues with access to care, especially specialty care, that have arisen with the narrow networks offered in the exchanges under the Affordable Care Act, we believe that the VA needs to proceed carefully in moving towards tiered networks. We are concerned that by tiering or narrowing the network, the New VCP will further exacerbate or create access problems. This is already occurring in certain states, tied to exchange plans and Medicare Advantage plans and their narrowed and tiered networks, with patients unable to find physicians in the top tiers in their areas or able to receive necessary specialized services because the tiering is specialty and not service or subspecialty specific. With many veterans requiring specialized services, such as mental and behavioral health care and orthopedics, which are already very limited in many places throughout the country, further tiering seems incompatible and actually in conflict with the direction of the New VCP program to provide greater and faster access to specialty care services in the community. Narrowing or tiering will do little to demonstrate confidence in the program and could deter participation by physicians in the community. If the goal is to encourage participation and get more "high-value" or "high-quality" physicians to participate in the program, this tiering will likely have the opposite effect.

The AMA, on behalf of its physician and medical student members, is committed to helping ensure that our nation's veterans receive comprehensive, timely, high-quality care. We look forward to working with the Subcommittee to advance proposals to improve the Veterans Care Program and the care delivery experience for our veterans.