

**STATEMENT OF  
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BEFORE THE  
SUBCOMMITTEE ON HEALTH  
HOUSE COMMITTEE ON VETERANS' AFFAIRS  
ON  
"BILLING AND REIMBURSEMENT FOR CARE IN THE COMMUNITY UNDER VA'S  
PLAN TO CONSOLIDATE NON-VA CARE PROGRAMS"**

**FEBRUARY 11, 2016**

The American Legion believes in a strong, robust veterans' healthcare system that is designed to treat the unique needs of those men and women who have served their country. However, even in the best of circumstances there are situations where the system cannot meet the health care needs of the veteran, and the veteran must seek care in the community. Rather than treating this situation as an afterthought, an add-on to the existing system, The American Legion believes the Department of Veterans Affairs (VA) must "develop a well-defined and consistent non-VA care coordination program, policy and procedure that includes a patient centered care strategy which takes veterans' unique medical injuries and illnesses as well as their travel and distance into account."<sup>1</sup>

Chairman Benishek, Ranking Member Brownley and distinguished members of the Subcommittee on Health, on behalf of National Commander Dale Barnett and The American Legion; the country's largest patriotic wartime service organization for veterans, comprising over 2 million members and serving *every* man and woman who has worn the uniform for this country; we thank you for the opportunity to testify regarding The American Legion's position on "Billing and Reimbursement for care in the community under VA's plan to consolidate non-VA care programs".

**Background**

The VA purchased care program dates back to 1945, when General Paul R. Hawley, Chief Medical Director, Veterans Administration, implemented VA's hometown program. General Hawley recognized that many hospital admissions of World War II veterans could be avoided by treating them before they needed hospitalization. As a result, General Hawley instituted a plan for "hometown" medical and dental care at government expense for veterans with service-connected ailments. Under the Hometown Program, eligible veterans could be treated in their community by a doctor or dentist of their choice.

Fast forward, VA has implemented a number of programs in order to manage veterans' health care when such care is not available in a VA health care facility, could not be provided in a timely manner, or is more cost effective. Programs such as Fee-Basis, Project Access Received

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<sup>1</sup>[Resolution No. 46: Department of Veterans Affairs \(VA\) Non-VA Care Programs](#)

Closer to Home (ARCH), Patient-Centered Community Care (PC3), and the Veterans Choice Program (VCP) were enacted by Congress to ensure eligible veterans could be referred outside the VA for needed health care services.

Congress created the VCP after learning in 2014 that VA facilities were falsifying appointment logs to disguise delays in patient care. However, it quickly became apparent that layering yet another program on top of the numerous existing non-VA care programs, each with their own unique set of requirements, resulted in a complex and confusing landscape for veterans and community providers, as well as the VA employees that serve and support them.

Therefore, Congress passed the *Surface Transportation and Veterans Health Care Choice Improvement Act of 2015* (VA Budget and Choice Improvement Act) in July 2015 after VA sought the opportunity to consolidate its multiple care in the community authorities and programs. This legislation required VA to develop a plan to consolidate existing community care programs.

On October 30, 2015, VA delivered to Congress the department's Plan to Consolidate Community Care Programs, its vision for the future outlining improvements for how VA will deliver health care to veterans. The plan seeks to consolidate and streamline existing community care programs into an integrated care delivery system and enhance the way VA partners with other federal health care providers, academic affiliates and community providers. It promises to simplify community care and gives more veterans access to the best care anywhere through a high performing network that keeps veterans at the center of care.

Generally, The American Legion supports the plan to consolidate VA's multiple and disparate purchased care programs into one New VCP. We believe it has the potential to improve and expand veterans' access to health care. Much depends, however, on the department's success in working with its employees, Congress, VSOs, private providers, academic affiliates, and other stakeholders as the agency moves forward in developing and implementing the plan.

The American Legion commends VA Secretary Bob McDonald for his MyVA vision and leadership as he leads the largest and most complex integrated health system in America in a new direction, seeking to transform the department into a veteran-centric organization by transforming VA's culture, processes, and capabilities in order to meet the needs, expectations, and interests of veterans and their families.

### **Billing and Reimbursement Rates under the New Veterans Choice Program**

VA's current community care programs still utilize labor-intensive business processes that are too reliant upon manual data input, prone to errors and processing delays. VA's New VCP billing and reimbursement process is outlined under sections 4.4 and 4.5 of VA's consolidation plan. As noted in the plan, the current system is a decentralized and highly manual process.<sup>2</sup> The New VCP plan proposes integrating most of VA's community care programs into one single program that would be seamless, transparent, and beneficial to enrolled veterans. The New VCP

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<sup>2</sup> [Plan to Consolidate Programs of Department of Veterans Affairs to Improve Access to Care](#) - Oct 2015

envisions a three-phased approach to implement these changes to support improved health care delivery for enrolled veterans.

The first phase will focus on the development of minimum viable systems and processes that can meet critical veteran needs without major changes to supporting technology or organizations. Phase II will consist of implementing interfaced systems and community care process changes. Finally, Phase III will include the deployment of integrated systems, maintenance and enhancement of the high-performing network, data-driven processes, and quality improvements.

To improve the accuracy of claims and reimbursement processing, the 2015 Independent Assessment Report recommended that VA employ industry standard automated solutions to bill claims for VA medical care (revenue) and pay claims for Non-VA Health Care (payment).<sup>3</sup> VA states its New VCP will focus on operational efficiencies, to include standardized billing and reimbursement, as well as geographically adjusted fee schedules that are tied to Medicare, as deemed appropriate. These foci will make it easier and more appealing for community health care providers to partner with VA. The American Legion strongly believes VA must standardize its reimbursement rates, but not set the rates too low where providers in Alaska and Rural America would be discouraged from signing up as a participating provider in the new VCP.

Too often we receive telephone calls and emails from veterans requesting assistance with their non-VA care claim due to VA's slow payment process. For example, in November 2015 we received an inquiry from a veteran requesting assistance with payment of a medical bill that was authorized under the VCP. The veteran explained he was approved through the VCP to be treated by a non-VA health care provider for a hernia surgery to be performed outside the VA. After months of delays by the VA, the claim was referred to an attorney's office for collection. As a result, the veteran expressed disbelief and has lost faith in the VA system. This is just one example of the many veterans who have contacted our office in the past several months requesting assistance with VA's current inefficient Non-VA claims processing system.

The American Legion supports VA developing a 21<sup>st</sup> Century claims and reimbursement processing system that is rules-based, and to the extent possible, eliminates as much human intervention as possible. The system must eliminate the guess work out of the claims and reimbursement process and establish an error-free claims process that is responsive to veteran's needs.

Therefore, we are pleased to see that VA proposes to implement a claims solution which is able to auto-adjudicate a high percentage of claims, enabling VA to pay community health care providers promptly and correctly and to move to a standardized regional fee schedule, to the extent practicable for consistency in reimbursement.

Additionally VA proposes to simplify eligibility criteria so veterans can easily determine their options for community care, streamline the referral and authorization process to enable more timely access to community care, and standardize business processes to minimize administrative

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<sup>3</sup> [VA Independent Assessment](#) - Sept.2015

burden for community providers and VA staff. Improvements in how VA processes claims will enable VA to reimburse community providers in a timely and efficient fashion.

The American Legion understands VA's New VCP is a huge undertaking and agrees the plan will take time to fully implement, particularly the IT component required to auto-adjudicate a high percentage of claims. However, we do not believe Congress should continue to provide VA an open check book without any assurance from VA that their IT plan will work. Congress must require VA to not only provide an IT plan, but provide some proof that the claim and reimbursement system will work. Too often Congress has authorized funding in support of process improvement initiatives like CoreFLS, and VA's scheduling system, to name a few, without any deliverables, resulting in wasted tax payer dollars that can never be recovered. In these situations, the ones who are impacted are our nation's veterans who are calling out to Congress to fix the system.

### **Prompt Payment Act**

The *Prompt Payment Act* (PPA) enacted in 2000, was to ensure the federal government makes timely payments. Under the PPA, all bills are to be paid within 30 days after receipt and acceptance of material and/or services - or - after receipt of a proper invoice whichever is later. When payments are not timely, interest should be automatically paid. Due to a technicality explained below, which can be easily corrected, the VCP has continually failed to meet the requirements of the PPA.

During The American Legion's System Worth Saving (SWS) visits to VA medical centers, we often hear that when an invoice is submitted for payment, VA's third party administrators (TPA's) have been told to hold payment until the medical documentation to support the invoice is received. We also hear that when the medical documentation is received it is reviewed by the TPA and again by VA before payment is made.

An immediate remedy would be for VA to authorize payment for any Non-VA claim immediately upon receipt of a valid bill for health care services that a veteran receives. So, we are glad to hear from the VA Choice Community Care team that in the very near future VA will authorize the TPA's to begin paying any Non-VA health care claim under the VCP without first obtaining the veterans medical record from the Non-VA health care provider.

The American Legion applauds VA for initiating this action. This will prevent stories like the November 2015 Miami Herald article about Florida hospitals trying to get the Department of Veterans Affairs to pay about \$134.4 million in outstanding claims for medical services they provided to veterans.<sup>4</sup> If it is determined VA overpaid for the care and services, cost recovery should occur after VA has verified the care and services provided to veterans receiving that health care. Of course, ensuring that records are ultimately returned to VA is very important and we look forward to hearing more about how VA plans to achieve this.

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<sup>4</sup> [Florida Hospitals: VA owes \\$134 million in unpaid claims: Miami Herald; November 17, 2015](#)

## Conclusion

The VA's plans for the New Veterans Choice Program need approval from Congress. The American Legion believes that VA's plan is a reasonable one given the desired results. VA needs to overhaul its outside care reimbursement programs, consolidating them into a more efficient bureaucracy able to systemically and dynamically interact with the network of private providers that are to supplement VA direct provided care.

To do so, VA has identified a number of necessary legislative items that require action by Congress in the short legislative window available this year in order to best serve veterans going forward in 2016. Among these, for example, is the *Purchased Health Care Streamlining and Modernization Act*, which would allow VA to contract with providers on an individual basis in the community outside of Federal Acquisition Regulations, without forcing providers to meet excessive compliance burdens and while maintaining essential worker protections.

We recognize that the Federal Acquisition Regulations (FAR) are cumbersome, and it discourages a lot of smaller businesses from wanting to sell to the government, but we also recognize the protections FAR provides to the taxpayer. Therefore, The American Legion recommends passage of this legislation as a three year pilot program with an Inspector General evaluation mandate after the first year using the tenets of the FAR that are reasonable for the situation to ensure that the taxpayer's interests are protected.

We also support VA's efforts to recruit and retain the very best clinical professionals. These include, for example, flexibility for the federal work period requirement, which is not consistent with private sector medicine, and special pay authority to help VA recruit and retain the best talent possible to lead their hospitals and health care networks.

In conclusion, The American Legion believes that together we can accomplish legislative changes to streamline Care in the Community programs before the end of this session of Congress. We can't let another year slip away. Our veterans deserve the same sense of urgency now that Congress has shown numerous times since the VA scandal first erupted in 2014.

The American Legion thanks this committee for their diligence and commitment to our nation's veterans as they struggle to access health care across the country. We look forward to working with Congress, the Commission on Care, the MyVA Advisory Committee, and the VA as we seek to reform America's health care for its veterans into a world-class system that puts veterans and their families at the center of their health care.

Questions concerning this testimony can be directed to Warren J. Goldstein, Assistant Director in The American Legion Legislative Division (202) 861-2700.