

**STATEMENT OF
DR. CAROLYN CLANCY
DEPUTY UNDER SECRETARY FOR HEALTH FOR ORGANIZATIONAL
EXCELLENCE
VETERANS HEALTH ADMINISTRATION

DEPARTMENT OF VETERANS AFFAIRS
BEFORE THE
JOINT SUBCOMMITTEE ON HEALTH and ECONOMIC OPPORTUNITY
COMMITTEE ON VETERANS' AFFAIRS
U.S. HOUSE OF REPRESENTATIVES**

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Good morning Chairman Benishek, Chairman Wenstrup, Ranking Member Brownley, Ranking Member Takano, and Members of the Committee. Thank you for inviting us here today to present our views on the draft bill to improve the authority of the Secretary of Veterans Affairs to hire and retain physicians and other employees of the Department of Veterans Affairs, and for other purposes. Joining me today is Elias Hernandez, Chief Officer, Workforce Management and Consulting; Tia N. Butler, Executive Director, Corporate Senior Executive Management Office; and Kimberly P. McLeod, Associate Chief Counsel.

We are pleased to see the Committee include in the draft legislation, three of our legislative proposals which will give us the necessary resources to meet the Department of Veterans Affairs' (VA) obligation to provide timely, quality health care and benefits to Veterans. Due to the timing of the hearing, the VA is unable to provide views for sections 7, 9, 10, 11, 12, 15, 16, 17 as well as costs for section 4. These are currently being drafted and we will forward the remaining views and costs to you as soon as they are available.

Section 2, Appointment and pay for directors of medical centers and Veterans Integrated Services Networks

VA supports section 2 as the provision matches a proposal put forward in February 2016 in VA's Fiscal Year 2017 budget submission. VA believes that there are three primary factors that warrant a separate compensation system for Medical Directors and VISN Directors. First, existing pay compression within the current Senior Executive Service (SES) pay system and the closely proximate rates of pay for direct reports to Medical Center Directors and VISN Directors have resulted in declining Director applicant pools. Second, a high number of existing (an estimated 84 percent by FY 2018) Directors are or will soon be eligible for retirement. Third, private sector pay for health care leadership positions is highly competitive.

In addition, there are limited pay incentives for experienced Medical Center Directors and VISN Directors to voluntarily move to fill more demanding positions. Due

to the SES pay compression between experienced Medical Center Directors and VISN Directors, the small pay raise, if any, that VHA is able to offer in a reassignment may cause the candidate to be disadvantaged financially. The most significant cost disparities occur due to housing costs and in some cases, higher tax rates (e.g., New York, California). With current executive pay authorities, a move for the good of the organization most of the time means a move to the financial detriment of Directors and their families. On average, it has taken over 6 months to fill Medical Center Director and VISN Director positions, with many being re-announced multiple times for positions in both rural and major metropolitan areas. The reluctance on the part of these senior leaders to relocate is understandable. It is imperative that VHA have the ability to implement pay to retain eligible leaders, reward mobility, and ensure knowledge transfer to the next generation of Medical Center Directors and VISN Directors. VA would request, however, that the section stating that the Medical Director and VISN Directors be a qualified doctor of any kind be removed from the bill. It is already difficult to recruit for these positions. This additional restriction would make it nearly impossible in some areas. VA estimates that enactment of section 2 would cost \$8.8 million in FY 2017, \$46 million over 5 years, and \$93.2 million over 10 years.

Section 3, Adjustment of hours authorized for certain full-time employees of Veterans Health Administration

Section 3 would allow VA to arrange flexible physician and physician assistant work schedules to allow for the hiring and full implementation of a hospitalist physician system and to accommodate the unusual work schedule requirements for Emergency Medicine (EM) Physicians.

VA supports increased flexibility for critical medical personnel. Hospitalist physicians and EM physicians specialize in the care of patients in the hospital, often working irregular work schedules to accommodate the need for continuity of efficient hospital care. VA believes that increased scheduling flexibility would align VA practice with the private sector, facilitating the recruitment, retention of emergency physicians and the recruitment, retention and operation of a hospitalist physician system at VA medical centers (VAMC). We understand that the Office of Personnel Management has some concerns with respect to certain of the bill's provisions. The Administration looks forward to working with the Congress and our agency partners to finalize language on these provisions. VA would request the language in section 3 (2) include the language of, "is not less than" in place of "does not exceed".

VA believes section 3 would be cost neutral in terms of impact on salaries as it merely authorizes flexibility in physician and physician assistant work schedules to allow for the hiring and full implementation of a hospitalist physician system and improvements in EM physician coverage and enhanced ability to recruit EM trained and experienced physicians.

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Section 4, Public-private contributions for additional educational assistance for graduate degrees relating to mental health

Section 4 of the bill would also amend current section 3319 of title 38 to prohibit the use of transferred entitlement under the new program. If enacted, the amendments made by section 4 would apply to a quarter, semester, or term that begins on or after July 1, 2017.

VA supports legislation that would provide training and employment opportunities for Veterans; however, the Department has some concerns with this section of the bill. VA is not certain a change in the way VA and IHLs share contributions for specific degrees and programs would be beneficial. Under its current structure, the Yellow Ribbon Program is a remarkably successful program with nearly 2,000 participating institutions. During FY 2015, 49,905 students were beneficiaries of the program.

In order to implement section 4, VA would have to identify Post-9/11 GI Bill Veterans who are currently pursuing an advanced degree in mental health, determine their eligibility for the new program, and verify that each Veteran intends to seek employment with VA. This would create a significant administrative burden as the Long Term Solution (LTS), the system used to process Post-9/11 GI Bill payments, does not have the capability to issue varying Yellow Ribbon payments based on the type of program being pursued. Subject to the availability of funding, VA would need one year from the date of enactment to make programming changes to the LTS to support implementation of this section. In addition to LTS changes, the amendments made by section 4 would also require changes to the Comparison Tool, VA Online Certification of Enrollment (VA ONCE), and Web Enabled Approval Management (WEAMS) computer systems. Otherwise, manual processes would be required, which would result in a decrease in timeliness and accuracy for processing GI Bill claims.

Further, the amendments made by section 4 would authorize VA to establish residencies and internships at VA medical facilities for Veterans participating in the program. VHA has already established training programs in mental health disciplines in many locations. These programs lead to a degree, licensure, certification, or registration. The process to develop training programs requires relationships with accredited educational sponsors and suitable infrastructure for the training program, including space, qualified faculty preceptors, information technology (IT) equipment, staff support, and a sufficient number of patients to satisfy the needs of the educational program. Therefore, establishing residencies and internships must occur in settings with appropriate infrastructure and collaborative educational partnerships.

This bill also does not address the unique qualification standards of each of the professions that are listed in the bill. Each of the 14 professions/disciplines listed has unique qualification standards which must be met to be eligible for VA employment. For some of these professions (e.g. psychologist, social worker, mental health nurse, marriage and family therapist), the qualification standards include both educational accreditation as well as licensure requirements. Other professions listed (e.g. addiction

therapist, vocational rehabilitation therapist) do not have educational or licensure requirements.

The Yellow Ribbon Education program allows for Veterans to attend mental health programs that do not meet the accreditation standards required in the VA qualification standards. Thus, if an individual obtained a degree in those programs, that individual would not be eligible for VA employment.

For VA to support this bill, each of the professions listed that has educational/licensure requirements would need to have a provision that would state that the program meets the educational requirements defined by the VA qualification standards. Additionally, for some of the professions listed, even with such a provision, it may not be possible to guarantee VA employment (even if the educational requirements of the profession are met). For example, the Psychology Qualification Standards require that an individual have graduated from a program accredited by the American Psychological Association (APA) as well as have completed an internship accredited by APA. While the bill suggests that the Secretary may establish residencies and internships at medical facilities of the Department, the Secretary is not able to accredit these internships.

VA is still determining costs associated with this provision.

Section 5, Modification to annual determination of staffing shortages in Veterans Health Administration

Section 5, would amend 38 USC §7412 (a) to require the Inspector General of the Department of Veterans Affairs (VAOIG) to determine and the Secretary of Veterans Affairs to publish in the Federal Register, the five clinical occupations and the five nonclinical occupations of personnel of the Department covered under section 7401 for which there are the largest staffing shortages with respect to each Veterans Integrated Services Network (VISN) as calculated over the five-year period preceding the determination.

The VA defers to VAOIG on how they would process this report.

Section 6, Repeal of compensation panels to determine market pay for physicians and dentists

Section 6 would modify 38 USC § 7431 to eliminate the compensation panel recommendation process required under 38 USC §7431(c)(4)(B).

VA supports this section as it is similar to another proposal put forward in February 2016 in VA's Fiscal Year 2017 budget submission. The "Department of Veterans Affairs Health Care Personnel Enhancement Act of 2004" (Public Law 108-445, dated December 3, 2004) established the current pay system for Veterans Health

Administration (VHA) physicians and dentists. A requirement of the pay system that has proven to be of little or no value is the compensation panel process.

The current statute requires that the recommendations of a panel composed of physicians or dentists be considered when determining the amount of market pay for a physician or dentist. To the extent practicable, the panel must consist of physicians or dentists (as applicable) who are practicing clinicians and who do not hold management positions at the medical facility at which the physician or dentist subject to the consultation is employed. In most circumstances, this requires physicians or dentists to take time away from providing direct patient care in order to perform the unnecessary administrative function of recommending the amount of pay for prospective employees.

The compensation panel process is time consuming and adds no value as Medical Center Directors and/or other approving officials have the authority to approve (decide) the final rate of pay. Currently there are three separate reviews being conducted for VHA physicians and dentists prior to their appointment, to include: (1) a Professional Standards Board reviews the qualifications standards and makes a recommendation to appoint an individual tentatively selected for a position; (2) the compensation panel recommends market pay and annual salary for the provider; and (3) the Medical Staff credentialing and privileging committee reviews the provider's credentials and recommends medical staff clinical privileges.

As an example, a compensation panel may be required to convene to make a salary recommendation for two prospective physician candidates. At a minimum, three physicians would be required to meet to review a recommendation made by the selecting official or Chief of Staff, and complete the Compensation Panel review form. Using an average salary for a VA physician of \$218,237 (or \$104.92 per hour) in manpower hours it would cost \$52.46 per 30 minutes x 3 physicians, or approximately \$157 per compensation panel.

This may seem like a trivial amount but if you consider the number of times each medical center convenes a compensation panel, multiplied by the number of VA facilities across the country, the manpower cost of this administrative function is much more significant. In VA facilities with numerous physician and dentist vacancies, compensation panel members may be required to spend many hours a week meeting to deliberate and recommend salary for prospective employees. Market pay criteria and documentation on the Compensation Panel Recommendation and Approval form, VA Form 10-0432a, is time consuming and continues to be a challenge for clinicians.

This arduous process also contributes to a delay in hiring. A VA facility is often unable to convene a Compensation Panel on a timely basis because its members are unable to quickly meet due to patient care responsibilities. Physicians and dentists typically will not accept employment or give notice without a firm salary offer, and in cases where Compensation Panels are delayed, it pushes back the starting dates of new providers which also negatively impacts patient care.

It would be more cost effective and time efficient to allow a selecting official and/or Chief of Staff to recommend to the facility director the appropriate salary for prospective employees and eliminate the compensation panel process.

The VA believes this proposal to be cost neutral. Physicians and dentists will continue to be paid rates approved by the appointing official. This proposal will benefit VA by streamlining the appointment process.

Section 8, Accountability of leaders for managing the Department of Veterans Affairs

Section 8 would amend chapter 7 of Title 38 by adding in a new section 709A, which would require the Secretary to annually assess the performance of political appointees in a manner similar to the assessment of career Senior Executive Service employees.

Section 13, Promotional opportunities for technical experts

Section 13 would require VA to develop a promotional track, which does not involve a transition to a management position, for employees who are considered technical experts. VA is committed to ensuring that its employees are allowed to advance in their careers, regardless of whether the employee wants to be a manager. Consequently, VA supports this section.

Section 14, Comptroller General study on succession planning

Section 14 would require the Comptroller General to conduct a study on the succession planning at each medical facility of the Department of Veterans Affairs, the Veterans Benefits Administration and the National Cemetery Administration and submit it to the House and Senate Veterans' Affairs Committees not later than one year after the date of enactment of this Act.

The study would include: a determination of the mission-critical positions within the entity and the vacancy risk of such positions; an analysis of the future needs for mission-critical positions and gaps within the existing talent pool of the entity; a description of strategies to close skill gaps through the use of training for existing staff, targeted recruitment, and hiring; a plan to regularly evaluate progress of staff and update existing succession plans using clear and measurable metrics and benchmarks; a demonstration of the capacity of the entity to execute succession plans with successful succession management strategies; and any other matters Comptroller General determines appropriate.

VA defers to GAO.

Mr. Chairman, this concludes my statement. Thank you for the opportunity to appear before you today. We would be pleased to respond to questions you or other members may have.

