

**Testimony of**  
**Mr. Billy Maynard**  
**President**  
**Health Net Federal Services**  
**Before the Committee on Veterans' Affairs**  
**United States House of Representatives**  
**March 22, 2016**

## **Biography of Billy Maynard**

Mr. Billy Maynard has been the President of Health Net Federal Services, LLC since May 1, 2015. Previously, in addition to holding a variety of defense sector positions, he was a partner at the management consulting firm InfiniTek for 12 years. At InfiniTek, he specialized in federal health care strategy and provided strategic business planning and organization development support to Health Net and other leading government sector health care service delivery and technology companies.

A veteran of the U.S. Army, Mr. Maynard was Executive Assistant to NATO's Supreme Allied Commander, Europe, from 1983 to 1990. During this period, he was twice decorated with the Defense Meritorious Service Medal for contributions in support of the NATO Alliance. Mr. Maynard is a graduate of the U.S. Army Institute of Personnel and Resource Management (Adjutant General Corps); studied business administration at the University of Maryland University College Europe; and holds a postgraduate certification in organization development (strategic planning and change leadership) from DePaul University.

## **A History of Partnership**

Chairman Benishek, Ranking Member Brownley, and Members of the Subcommittee, thank you for the opportunity to participate in this hearing on provider networks under the Department of Veterans Affairs (VA) plan to consolidate Community Care programs. Health Net Federal Services (Health Net) is proud to be one of the nation's largest and longest serving health care administrators of publicly-financed government and military health care programs. To this hearing, we bring the perspectives and lessons learned throughout our nearly three decade history supporting government health care entities at the intersection of their care capacity and their need to support their beneficiaries with care in the community. Today, Health Net and its affiliates, through health plans and government contracts, provide health benefits and related beneficiary services to more than five million eligible individuals across the country through VA, TRICARE, Medicare, Medicaid, group, and individual programs.

For more than 25 years now, we have served as a partner to the Military Health System (MHS) as a Managed Care Support Contractor (MCSC) in the TRICARE Program. Health Net was the original CHAMPUS Reform Initiative (CRI) contractor, the predecessor contract to TRICARE. Currently, as the TRICARE North Region contractor, we facilitate the community-based delivery of nearly \$3 billion in spending to support the health care needs of nearly 3 million active-duty service members, military retirees, guardsmen and reservists, and their dependents in 22 states and the District of Columbia.

We also deliver a broad range of customized behavioral health and wellness services to military service members and their families, including those in the National Guard and reserves. These services include the Military and Family Life Counseling (MFLC) program, which provides non-medical, short-term, problem solving counseling; rapid-response counseling to military units; and reintegration counseling. In support of MFLC, we have more than 700 professionals deployed with the military worldwide, including professionals embedded in support of special operations forces in various theatres.

As an established partner of VA, Health Net has collaborated in supporting veterans' physical and behavioral health care needs through Community Based Outpatient Clinics (CBOCs) and the pilot Rural Mental Health Program. We also have supported VA by applying sound business practices to achieve greater efficiency in claims auditing and recovery and, previously, through claims repricing, both of which resulted in increased funds available for health care services delivered by VA.

Our singular mission in all these endeavors is to enable government agencies, such as VA, to leverage private sector best practices in order to supplement and complement their in-house capabilities through an effective public/private partnership. Our focus on supplementing and complementing is important because our work as a private sector company focused on organizing and facilitating community-based capabilities and services begins where the direct care capacities of the agencies we support ends. The shared goal from that point is not only to ensure ready access to care but also to enable our government agency partners to continue to provide the high-quality and often highly-specialized services that constitute their core mission.

Our commitment is not just professional; it is personal as well. I am a veteran; I served 10 years in the U.S. Army, including as the Executive Assistant to NATO's Supreme Allied Commander, Europe. I am also the son of a Navy retiree and grandson of a WWII combat veteran who was one of a family of brothers who all saw combat and were supported by VA upon their return home. The mission of health care integration in support of our nation's eligible veterans is one I take to heart personally. That is true of our other associates, as well. Many of the top leaders in Health Net are veterans, military retirees, or military spouses. Several of our younger leaders are still serving as reservists. We take pride in our commitment to our comrades in arms and our fellow veterans. We take our work personally because we have friends who use the services we provide. My remarks are informed as much by the spirit that led me and so many of my colleagues to service as by my business experience.

It is from this long-standing commitment to supporting the military and veteran communities that we offer the following perspectives on provider networks under VA's plan to consolidate Community Care programs.

### **Comments on Building A High-Performing Network**

First and foremost, we believe that all health care provided in support of eligible veterans is VA care, whether delivered directly by VA or its affiliates or community providers. Therefore, care must be designed and delivered in ways that care in the community is understood and considered as VA care by all involved, most especially eligible veterans and health care providers. For this to be achieved, the approach to delivering care must be as seamless and integrated as possible – especially at the point of intersection between VA's capacity and care delivered in the community. Based on our years of experience, we believe the only way all care can truly be seen as VA care is through the establishment of mutual accountability within the framework of a public/private partnership.

Second, we strongly agree with the Independent Assessment of the Veterans Health Administration (VHA) released on September 18, 2015. Specifically, that report highlighted the challenges of VA's current approach to purchased care through the seven programs already in place or in development. This report concluded that the programs' "sheer multiplicity suggests the drawbacks of a piecemeal approach, absent a guiding orientation and strategy for VHA's purchased care enterprise as a whole." We strongly support standardization and consolidation across the full range of Community Care programs.

Turning attention to VA's plan to build a high-performing network composed of a Core Network of federal partners and academic affiliates and an External Network of community providers: in principle, we support the concept that a preferred provider network construct could deliver the significant community-based access to care that will be necessary to support eligible veterans and to enable VA to fulfill its mission in the future. While there are other approaches, given VA's significant direct-care mission and capacity, a preferred provider approach – sometimes referred to as a tiered network approach – will be the most effective way for VA to optimize and integrate care delivery.

We believe that whatever geographic or provider network development approach VA takes, whether that be tiering or some other preferred provider design, it is absolutely essential that VA partner with a single, third-party entity within each geographic area to establish and administer all community-based aspects of the program.

Like VA care, the TRICARE program also depends on the effective integration of health care at the intersection of a large direct care system and supplemental community-based capabilities. After 28 years of experience, there is perhaps no more important lesson learned than that the only way to ensure consistency and clear lines of authority and responsibility across the program is through the responsibility of a single contractor, on a geographic basis. This approach is the most effective solution for veterans, providers, and VA. It is also the only proven way to actually succeed in standardizing a national-level initiative such as the “new VCP” and making it operational in all locations. A single, third-party entity by geographic region will also be the most fiscally responsible method.

The effective implementation of any future version of the Veterans Choice Program is contingent upon optimizing the capacity of VA (including VA Medical Centers and local community-based outpatient clinics); making the provider experience as consistent with community standards as possible; and streamlining veterans’ experiences to enable better control of their health care experience. All this can be done while maintaining care in the community as a complementary capability within the broader context of VA health care. We believe this can be done in ways that will preserve and extend the very important relationships VA maintains with DoD and its academic affiliates.

### **Discussion of the Draft Performance Work Statement**

Turning attention to VA’s Draft Performance Work Statement (PWS) for Community Care Networks, we support the comprehensive nature of the requirements outlined and believe it to be a good start toward future procurements that the managed care industry can effectively support.

The Draft PWS requires contractors, within newly defined health care regions, to develop the community-based elements of a High-Performing Network that would provide a full complement of services in support of the consolidated new Veterans Choice Program (“new VCP”), including: network management, credentialing, medical management, call centers, and claims processing.

In the process, VA has defined a draft baseline that is much more TRICARE-like and incorporates a substantial number of industry recommendations made during the market research phase of the acquisition development process. That said, it is important to note the Draft PWS suggests that VA will retain initial appointing and appointment scheduling responsibilities, which is a significant change from the current Choice Program.

The future success of any program, even one based upon an existing program, is laying the appropriate foundation. The transition period for the “new VCP” should have a baseline transition period of at least 12 months from contract award to the start of health care delivery.

This will allow the program to “go live” with fully developed and tested networks and operating processes based on lessons learned.

Among the lessons learned in Choice, and similar to those learned in the early TRICARE experience, is that a vital element to the smooth operation of any health care delivery program is a set of standardized written policies and procedures. These policies must answer the “who, what, when, and why” of delivering care. We commend VA for starting this process by releasing the beginnings of an operations manual with the Draft PWS. Much of the friction in the current Choice Program has come as VA tried to implement the intent of Congress and this friction translated to the veteran and provider experience. Having a clear set of guidelines before a complicated question arises, such as how to compute eligibility or what defines an episode of care, is vital to the veteran and provider experience. A thorough transition period will allow for the development of consistent, standardized written policies and procedures. Clear guidelines will also speed any adjudication processes and result in a better experience for veterans and providers through faster responses.

Even with a clear operations manual, however, the veteran experience will be compromised if the intersection of public policy and supplemental community-based capabilities is not executed in a context in which providers are prepared to operate. Therefore, the operations manual and associated processes must align with industry standards. The more unique the requirements to participate in and execute the “new VCP” the more friction will result at the provider level, and the more difficult the experience will be for veterans. Medicare is the common standard upon which all other government programs are based and providers across the country are familiar with Medicare requirements. In addition, VA has stated a goal of moving toward the value-based reimbursement methodologies that Medicare is driving.

### **The Way Forward**

In closing, let me say that in a program like Choice, veteran and provider experience and satisfaction is everything. The success of any future version of the Veterans Choice Program will depend upon optimizing the capacity of VA (including the VAMC and local community-based outpatient clinics); making the provider experience as consistent with community standards as possible; and streamlining veterans’ experiences so that they are able to control the process and receive care when necessary.

All this can be done while maintaining care in the community as a complementary capability within the broader context of VA health care. Health Net has effectively built an excellent customer and provider experience in other government agency programs such as TRICARE, which was tied at number one with Kaiser Permanente for customer satisfaction, according to a national survey on health plans, the *2015 Tempkin Experience Ratings*, conducted by the Temkin Group. We see no reason that VA and industry partnerships should not result in eligible veterans being just as highly satisfied.

Health Net is proud to stand as a partner with VA and Congress in helping to deliver care to our nation’s veterans. Thank you for the opportunity to present our views and I look forward to answering any questions you may have.