

**STATEMENT OF  
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VETERANS HEALTH ADMINISTRATION, DEPARTMENT OF VETERANS AFFAIRS  
BEFORE THE  
HOUSE COMMITTEE ON VETERANS' AFFAIRS  
SUBCOMMITTEE ON HEALTH  
MARCH 22, 2017**

Good afternoon, Chairman Wenstrup, Ranking Member Brownley, and Members of the Subcommittee. Thank you for the opportunity to discuss the Department of Veterans Affairs (VA) Veterans Health Administration's (VHA) ability to recruit and retain high-quality employees. I am accompanied today by Dr. Paula Molloy, Assistant Deputy Under Secretary for Health for Workforce Services.

**Introduction**

VHA is the largest health care system in the United States, with 170 VA medical centers, over 1,000 community-based outpatient clinics and more than 320,000 employees. VHA recognizes that our mission to provide healthcare to Veterans is impacted by outdated Federal human resources (HR) processes. As you are aware, there is a national shortage of health care providers; and VHA is competing with the commercial sector for these scarce resources. Consequently, we are striving to update internal hiring practices, but also open to legislative assistance to reform VHA's recruitment, compensation, and accountability practices to stay competitive.

**GAO Report**

The Government Accountability Office (GAO) released a report in December 2016 entitled *Management Attention Is Needed to Address Systemic, Long-standing Human Capital Challenges*. In this report, GAO detailed how limited HR

capacity, combined with weak internal control practices, undermined VHA's HR operations and its ability to improve delivery of health care services to Veterans.

GAO made 12 recommendations to improve the HR capacity and oversight of HR functions at its medical centers; develop a modern, credible employee performance management system; and establish clear accountability for efforts to improve employee engagement. VA concurred with 9 recommendations and partially concurred with 3 recommendations to improve VHA's performance management system.

First, I would like to note that many of the HR challenges revealed by this report are not unique to VA, and are experienced across the Federal sector. VHA is impacted more acutely due to our unique health care mission, which has resulted in our using three different personnel systems: the government-wide Title 5 statute; the two systems outlined in Title 38, for physicians, dentists, and nurses; and the Hybrid Title 38 system for allied health professions. Operating with three distinct personnel systems means our HR professionals have one of the toughest jobs in the Federal HR workforce, which partly explains the high turnover and reduced HR capacity within VHA. We agree with GAO's assessment that VA needs to improve HR capacity and oversight of HR functions at our medical centers.

To that end, I am working closely with Dr. Molloy to ensure that HR operations teams in the field and the central office are aligned to address the issues identified in this GAO report. For example, Dr. Molloy's staff is administering a competency assessment of HR staff in Title 5, and is expanding the competency assessment tool to include Title 38 and Hybrid Title 38. I am working with the Veterans integrated Service Network (VISN) leadership to ensure that HR staff takes the competency assessment

tool and uses the results to work towards closing identified knowledge gaps through further training and development.

VHA concurs with GAO's assessment that high-performing organizations seek to create effective incentive and reward systems that clearly link employee knowledge, skills, and contributions to organizational results. VA has been faced with significant caps on awards for several years, resulting in a limited pool of funds for employee recognition. Congress recently established new, VA-specific performance award and incentive spending limitations in Section 951 of the Comprehensive Addiction and Recovery Act of 2016 (CARA). CARA amended Section 705 of the Veterans Access, Choice, and Accountability Act of 2014 to cap VA's spending on employee awards and incentives. Given these caps, VA will pursue ways to maximize effective use of both monetary and non-monetary awards to promote employee performance, as well as maximize existing flexibilities under Title 38 to set market-based compensation. CARA caps on funding for employee performance awards and incentives for recruitment, retention and relocation, while well-intentioned to increase accountability, will result in significant impediments to recruitment and retention in VHA. The \$230 million cap for fiscal years 2017 and 2018 represents a significant decrease in available funding during a time when the market for clinicians is growing increasingly competitive and VHA already faces challenges competing directly with the commercial sector for top talent.

VHA is entering into the next phase of an automated performance management system, called ePerformance. This system allows the development and sharing of consistent performance standards, goals, and competencies. ePerformance is a government off-the-shelf product that is used in several Federal agencies. The product

was evaluated by a cross-disciplinary group of subject-matter experts that represented all three VA administrations, the VA Central Office, and the National Unions. VHA continues to use this product in a pilot environment, while all of VHA's performance plan types are configured and tested. Feedback from the previous pilots has been overwhelmingly positive. VHA's expanded use of the ePerformance system ensures procedures are in place to support effective conversations between supervisors and employees, including electronic certification of those conversations. Broad implementation of this technology, as well as any future system, will require adequate IT funding. The target completion date for this project is October 2018.

VHA agrees with the GAO recommendation that better monitoring of employee engagement efforts is needed and a formal governance structure to monitor employee engagement at the workgroup level is being developed. Employee engagement has been shown to be strongly tied to patient satisfaction; and engaged staff are critical to VHA's commitment to rebuilding Veteran trust.

### **VA Response/60 Day Plan**

To achieve VHA's mission of providing exceptional patient-centered care to America's Veterans, it is essential to recruit and retain highly skilled and dedicated employees functioning at the top of their competency level, as well to develop a talented succession pipeline. VHA has a robust and multi-pronged approach to recruitment. Local facilities have in-house HR departments, as well as nurse recruiters – who reach out to and coordinate with applicants at the local level. This includes outreach to nearby training programs and hosting open houses when needed to facilitate hiring. VHA

successfully used this recruitment strategy during the Mental Health, Peer Support, Homeless Program Office, and Intermediate Care Technician national hiring initiatives.

Facilities also produce job and station-specific advertisements in local, state and national publications, journals, newspapers, radio advertisements, and attend local and regional career and job fairs. VA also promotes opportunities for employment on [www.vacareers.va.gov](http://www.vacareers.va.gov) and leading recruitment websites. The Internet is our number one lead source; leads also are gained through promotion online with social media, job boards, and banner advertisements. VA has access to and routinely utilizes a variety of Web-based sourcing platforms that the private industry uses to attract and recruit top clinical talent. These advertisements are placed where targeted clinical providers are most likely to visit to explore practice opportunities.

At the national level, VHA provides programs, services, and tools that enhance recruitment and retention of clinicians, allied health, and support staff. VA's National Healthcare Recruitment Service (NHRS) provides a centralized in-house team of skilled professional recruiters employing best practices to fill the agency's top clinical and executive positions. The national recruiters, nearly all of whom are Veterans, work directly with VISN Directors, Medical Center Directors, clinical leadership, and local HR departments in the development of comprehensive, client-centered recruitment strategies that address both current and future critical staffing needs. NHRS has increased its targeted recruitment efforts for mission-critical clinical vacancies that directly impact patient care and, once filled, will improve Veterans access to care. These specialties include primary care, mental health, women's health and critical medical subspecialties. This fiscal year, NHRS restructured to stand up a dedicated

nurse recruitment team, which works in close concert with nurse recruiters at each facility to recruit and streamline the hiring process for this vital component of VHA's workforce.

Historically, VHA has followed hiring practices that have proven to be unduly burdensome. Over the last year, VHA's business process improvement efforts, under the MyVA Critical Staffing Breakthrough Initiative, have resulted in a more efficient hiring process. Rapid Process Improvement Workshops were conducted at each VISN to identify barriers to hiring and other HR practices that could be addressed locally, while issues that required national intervention were escalated and addressed by Dr. Molloy's team. As part of this effort, we were able to reduce the time to hire Medical Center Directors by 40 percent, eliminate use of Professional Standards Boards for hiring medical support assistants as part of the Hire Right Hire Fast initiative, and obtain the authority from OPM to provide critical pay to many of our senior healthcare leaders. As we continue our work to improve HR capacity across VHA, we are engaged with the Department-wide effort to improve the employee experience through a complete overhaul of the onboarding process.

### **Hiring Freeze**

VA's primary concern during the hiring freeze is to ensure the health and safety of our Veterans. Positions deemed necessary to meet national security or public safety responsibilities are exempt from the hiring freeze. VA exemptions cover a range of occupations that are located in various Medical Centers, Outpatient Clinics, Community Based Outpatient Clinics, and Health Centers that provide direct patient care or which are in direct support to augment care, without which the safety of human lives is at

stake. Although HR positions are not exempted from the hiring freeze, we recognize that a well-trained and adequately resourced HR staff is essential to recruit, hire and retain high-quality employees. In addition, we have processes in place to address case by case circumstances should the hiring freeze continue for an indefinite period of time.

### **Conclusion**

Mr. Chairman, I am proud of the health care our employees provide to our Nation's Veterans. Together with Congress, I look forward to making sure that VA can attract and retain the best medical providers and support staff to give our Veterans the care they have earned and deserve. Thank you for the opportunity to testify before this subcommittee. I look forward to your questions.