

**STATEMENT OF
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VETERANS HEALTH ADMINISTRATION
U.S. DEPARTMENT OF VETERANS AFFAIRS**

**FOR PRESENTATION BEFORE THE
HOUSE VETERANS AFFAIRS COMMITTEE
SUBCOMMITTEE ON HEALTH**

**HEALTH PROGRAMS BUDGET REQUEST FOR FISCAL YEAR 2018
June 22, 2017**

Good afternoon Chairman Wenstrup, Ranking Member Brownley, and Members of the Subcommittee. Thank you for the opportunity to appear before you to discuss the Department of Veterans Affairs (VA) Veterans Health Administration (VHA) fiscal year (FY) 2018 Budget and FY 2019 Medical Care Advance Appropriations budget requests. I am accompanied today by Mark Yow, VHA Chief Finance Officer.

The 2018 budget request fulfills the Administration's strong commitment to all of our Nation's Veterans by providing the resources necessary for improving the care and support our Veterans have earned through sacrifice and service to our country. The President's 2018 budget requests \$75.2 billion for VHA -- \$72.3 billion in discretionary funding (including medical care collections), of which \$70 billion was previously provided as the 2018 AA for Medical Care. The discretionary request is an increase of \$4.6 billion, or 6.7 percent, over 2017. It will improve patient access and timeliness of medical care services for over 9 million enrolled Veterans. The President's 2018 budget also requests additional mandatory funding to carry out the Veterans Choice Program (Choice Program).

For the 2019 AA, the budget requests \$74 billion in discretionary funding (including medical care collections) for Medical Care. The budget also requests \$3.5 billion in mandatory budget authority in 2019 for the Choice Program.

The budget's request for mandatory funding to continue the Choice Program, or its successor, is fully offset by proposed reductions to certain Veterans' benefits programs.

This budget request will ensure the Nation's Veterans receive high-quality health care and timely access to services. I urge Congress to support and fully fund the Department's 2018 and 2019 AA budget requests – these resources are critical to enabling the Department to meet the increasing needs of our Veterans.

Increasing our focus and efforts in order to improve how we execute our mission is critical. Veterans have unique needs, and the services VA provides to Veterans often cannot be found in the private sector. VHA provides support to Veterans through various services, including primary care, specialty care, peer support, crisis lines, transportation, the Caregivers program, homelessness services, vocational support, behavioral health integration, medication support, and a VA-wide electronic medical record system. These services and supports are unparalleled. With the continued support of Congress, VA will supplement its services through private-sector health care, but we realize it is not a replacement for the services VA provides to Veterans.

We are already implementing bold changes in the agency. We are working hard to ensure employees are held accountable to the highest of standards. On May 31, 2017, Secretary Shulkin highlighted the activities and direction of the agency since his

appointment in February 2017. My written statement will address those activities specific to VHA and how the FY 2018 budget request will assist in those efforts.

Access to Care and Quality of Care

VA is taking multiple steps to expand capacity at our facilities by focusing on staffing, space, and productivity. The FY 2018 Budget request provides \$72.3 billion in discretionary funding (including medical care collections). The request supports an increase in total outpatient visits – 114 million, compared to 110 million projected in 2017; provides health care to over 7.0 million unique patients – up from 6.9 million in 2017; and expands medical facilities through leasing and improves current infrastructure through non-recurring maintenance.

Veterans now have same-day services for primary care and mental health care at all VA medical centers across our system. I am also committed to ensuring that any Veteran who requires urgent care will receive timely care. We are also increasing transparency and empowering Veterans to make more informed decisions about their health care through our new Access and Quality Tool (available at www.accesstocare.va.gov). This Tool allows Veterans to access transparent and easy to understand wait-time and quality-care measures for VA health care, a tool that is unparalleled across the health care industry. That means Veterans can quickly and easily compare access and quality measures across VA facilities and make informed choices about where, when, and how they receive their health care. Further, they will now be able to compare the quality of VA medical centers to local private sector

hospitals. This Tool will take complex data and make it transparent to Veterans. This new Tool will continue to improve as we receive feedback from Veterans, employees, Veterans Service Organizations (VSO), Congress, and the media.

Addressing Veteran Suicide

Every suicide is tragic, and regardless of the numbers or rates, one Veteran suicide is too many. Suicide prevention is VA's highest clinical priority, and we continue to spread the word throughout VA that "Suicide Prevention is Everyone's Business." The 2018 Budget requests \$8.4 billion for Veterans' mental health services, an increase of 6 percent above the 2017 level. It also includes \$186.1 million for suicide prevention outreach. VA recognizes that Veterans are at an increased risk for suicide and has implemented a national suicide prevention strategy to address this crisis. VA is bringing the best minds in the public and private sectors together to improve our effort and determine the next steps in implementing the Eliminating Veteran Suicide Initiative. VA's suicide prevention program is based on a public health approach and recognition that suicide prevention requires ready access to high quality mental health services, supplemented by programs that address the risk for suicide directly. Showing its commitment to suicide prevention as everyone's business, VA now requires SAVE Training (The acronym "SAVE" summarizes the steps needed to take an active and valuable role in suicide prevention: **S**igns of suicidal thinking, **A**sk questions, **V**alidate the person's experience, and **E**ncourage treatment and **E**xpedite getting help) annually for all employees at VA medical centers, and we are rolling out the training for all VA

employees to include Central Office, the Veterans Benefits Administration, and the National Cemetery Administration. Every employee will be able to recognize and respond to signs of crisis and know how to expedite getting the individual Veteran into care.

As part of VA's commitment to put forth resources, services, and technology to reduce Veteran suicide, VA initiated the Recovery Engagement and Coordination for Health Veterans Enhanced Treatment (REACH VET). This new program was launched by VA in November 2016 and was fully implemented in February 2017. REACH VET uses a new predictive model in order to analyze existing data from Veterans' health records to identify those who are at a statistically elevated risk for suicide, hospitalization, illnesses, and other adverse outcomes. Not all Veterans who are identified have experienced suicidal ideation or behavior. However, REACH VET allows VA to provide support and pre-emptive enhanced care in order to reduce the likelihood that the challenges these Veterans face will become a crisis.

Care in the Community

We recognize that we must address how the Choice Program is accessed, and we are committed to streamlining and improving how Veterans can access and utilize it. We believe redesigning community care will result in a strong VA that can meet the special needs of our Veteran population. A redesigned community care program will not only improve access and provide greater convenience for Veterans, but will also transform how VA delivers care within our facilities. Where VA excels, we want to make

sure that the tools exist to continue performing well in those areas. Veterans need VA, and for that reason, community care access must be guided by principles based on clinical need and quality.

Since the start of the Choice Program, over 1.7 million Veterans have received care through the Program. In FY 2015, VA issued more than 380,000 authorizations to Veterans through the Choice Program. In FY 2016, VA issued more than 2,000,000 authorizations to Veterans to receive care through the Choice Program, more than a five-fold increase in the number of authorizations from 2015 to 2016.

Looking at early data for 2017, it is expected that Veterans will benefit even more this year than last year from the Choice Program. In the first five months of FY 2017, we have seen a more than 36 percent increase from the same period in FY 2016 in terms of the number of Choice authorizations. In addition to increasing the number of Veterans accessing care through the Choice Program, VA is working to increase the number of community providers available through the Program. In April 2015, the Choice Program network included approximately 200,000 providers and facilities. As of March 2017, the Choice Program network has grown to over 430,000 providers and facilities, a more than 150 percent increase during this time period.

As these numbers demonstrate, demand for community care is high. In 2018, VA plans on a total of \$13.2 billion to support community care for Veterans. Community care will be funded by a discretionary appropriation of \$9.4 billion for the Medical Community Care account (\$254 million above the enacted advance appropriation) and \$256 in estimated collections, plus \$2.9 billion in new mandatory budget authority for the Choice Program. This, combined with a planned \$626 million in carryover balances

in the Veterans Choice Fund, would have provided a total of \$13.2 billion in 2018 for community care. However, as of June 9, 2017, \$9.2 billion of the Choice Fund has been obligated and \$7.1 billion has been expended. These levels represent a significant acceleration of funds being expended from the Veterans Choice Fund, and consequently, the Secretary has updated the estimates VA previously put forth regarding when Choice Program funds would be fully obligated.

In March 2017, VA issued the highest number of authorizations in a month since the start of the program, followed closely by April and May. Over the three-month period between March and May 2017, VA issued nearly 800,000 authorizations for Choice Program care, a 32-percent increase over the same time period in 2016. As a result, VA anticipates that Choice Program funds will be fully obligated sooner than previously expected. Based on VA's latest risk-adjusted cost estimates and volume projections, the program will be unable to carry over the previously estimated \$626 million, resulting in a need for the total \$3.5 billion in new mandatory budget authority to continue the Choice Program in FY 2018. The 2018 budget proposes a funding mechanism to continue this program, or its successor, to ensure that we can maintain and improve upon the gains in Veterans' access to health care.

VA will continue to partner with Congress to develop a community care program that addresses the challenges we face in achieving our common goal of providing the best health care and benefits we can for our Veterans. We have also worked with and received crucial input from Veterans, community providers, VSOs, and other stakeholders in the past, and we will continue doing so going forward

Electronic Health Record

Having a Veteran's complete and accurate health record in a single common Electronic Health Record (EHR) system is critical to that care, and to improving patient safety. VA's current Veterans Information Systems and Technology Architecture (VistA) system is in need of major modernization to keep pace with the improvements in health information technology and cybersecurity, and software development is not a core competency of VA. On June 5, 2017, the Secretary announced that VA will start the process of adopting the same EHR system as the Department of Defense (DoD), now known as MHS GENESIS, which at its core consists of Cerner Millennium. VA's adoption of the same EHR system as DoD will ultimately result in all patient data residing in one common system and enable seamless care between the Departments without the manual and electronic exchange and reconciliation of data between two separate systems.

Of course, VA has unique needs that are different from DoD's. For this reason, VA will not simply be adopting the identical EHR that DoD uses, but we intend to be on a similar Cerner platform. VA clinicians will be very involved in how this process moves forward and in the implementation of the system. Furthermore, VA must obtain interoperability not only with DoD but also with our academic affiliates and community partners, many of whom are on different information technology platforms.

Therefore, we are embarking on creating something that has not been done before — that is an integrated product that, while utilizing the DoD platform, will require a meaningful integration with other vendors to create a system that serves Veterans in

the best possible way. This is going to take the cooperation and involvement of many companies and thought leaders, and can serve as a model for the Federal government and all of healthcare.

Medical and Prosthetic Research

As the nation's only health research program focused exclusively on the needs of Veterans, VA research continues to play a vital role in the care and rehabilitation of our men and women who have served in uniform. Building on more than 90 years of discovery and innovation, VA research has a proud track record of transforming VA health care by bringing new evidence-based treatments and technologies into everyday clinical care. Innovative VA studies in areas such as basic and clinical science, rehabilitation, research methodology, epidemiology, informatics, and implementation science improve health care for both Veterans and the general public.

The 2018 Budget includes \$640 million for development of innovative and cutting-edge medical research for Veterans, their families, and the Nation. One example includes continuing the Million Veteran Program (MVP), a groundbreaking genomic medicine program, in which VA seeks to collect genetic samples and general health information from one million Veterans. The goal of MVP is to discover how genomic variation influences the progression of disease and response to different treatments, thus identifying ways to improve treatments for individual patients. These insights will improve care for Veterans and all Americans.

Chronic pain is prevalent among Veterans, and VA has experienced many of the problems of opiate misuse and addiction that have made this a major clinical and public-health problem in the U.S. As VA continues to reduce excessive reliance on opiate medication and responds to the requirements of the Comprehensive Addiction Recovery Act (CARA), VA will expand pain-management research in 2018 in two areas. VA is testing and implementing complementary and integrative approaches to treating chronic pain which builds on a successful State of the Art Conference in late 2016 on non-opioid therapies for chronic musculoskeletal pain. In a second, longer-term initiative, VA is working on other drug models and current drugs in the market to test their efficacy for treating pain. A study being developed under the Learning Healthcare Initiative is being launched that will evaluate the impact of implementing a new tool to identify Veterans at high risk of adverse effects from their opiate medication.

Ending Veterans Homelessness

VA's homelessness research initiative develops strategies for identifying and engaging homeless Veterans. Researchers also work to ensure homeless Veterans receive proper housing, a full range of physical and mental health care, and other relevant services. They are using existing data to identify and engage Veterans who are currently homeless, and to develop strategies to identify and intervene on behalf of Veterans at risk for homelessness.

In FY 2018, VA is investing \$1.7 billion in programs to assist homeless Veterans and prevent at-risk Veterans from becoming homeless. Funding provided for specific

programs that reduce and prevent Veteran homelessness include \$543 million for Housing and Urban Development-Veterans Affairs Supportive Housing (HUD-VASH) for case management and supportive services to support about 93,000 vouchers; \$320 million for Supportive Services for Veteran Families (SSVF); and \$257.5 million for Grant and Per Diem program, including program liaisons.

Conclusion

VA is committed to providing the highest quality care, that our Veterans have earned and deserve. I appreciate the hard work and dedication of VA employees, our partners from Veterans Service Organizations—who are important advocates for Veterans—our community stakeholders, and our dedicated VA volunteers. I respect the important role that Congress has in ensuring that Veterans receive the quality health care and benefits that they rightfully deserve. I look forward to continuing our strong collaboration and partnership with this Subcommittee, our other committees of jurisdiction, and the entire Congress, as we work together to continue to enhance the delivery of health care services to our Nation's Veterans.

Mr. Chairman, Members of the Subcommittee, this concludes my remarks. Thank you again for the opportunity to testify. My colleague and I will be happy to respond to any questions from you or other Members of the Subcommittee.