

## STATEMENT FOR THE RECORD BY

**Ms. Kathleen Redd, President & CEO, Health Net Federal Services, LLC**

**To the House Veterans Affairs Subcommittees on Health and Oversight and Investigations**  
***MISSION Critical: Examining Provider Relations During the Transition to VA's New Community Care Program***

**February 12, 2020**

Kathleen E. Redd is the President and Chief Executive Officer of Health Net Federal Services, LLC (HNFS), a wholly-owned subsidiary of Centene Corporation, a national leader in publicly-financed health care, including Medicare, Medicaid, and state-sponsored health care programs. In this capacity, Ms. Redd is responsible for the strategic direction and management of both HNFS and MHN Government Services, a subsidiary specializing in behavioral health care services in support of federal programs. Ms Redd became President and CEO in June, 2018.

An industry leader in developing large-scale, federally managed health care programs, HNFS is a health care solutions company that has provided high-quality, cost-effective managed health care programs and behavioral health services to public sector employees and beneficiaries for over 31 years.

We appreciate the Committee's focus on provider relations for the Department of Veterans Affairs' (VA) contracts.

At a time of crisis, HNFS stepped in to assist the VA in securing critically needed medical care for our nation's heroes as a supplement to in-house VA patient care. In 2013, HNFS proudly began managing the Patient-Centered Community Care (PCCC) Program in Regions 1, 2 and 4. Our work expanded to the Veterans Choice Program (VCP) in these regions in 2014. As the need for urgent medical care was acute, VCP began only 90 days after the Veterans Access, Choice and Accountability Act was approved. Nearly one million veterans received expedited care through HNFS' administration of this contract with over 1.7 million referrals processed. HNFS' contracted duties with VA to manage care under PCCC and VCP were transitioned back to VA on Oct. 1, 2018.

Thousands of community providers across our VA-contracted regions (37 states and the District of Columbia, Puerto Rico and the U.S. Virgin Islands) answered the call to action and quickly responded to provide our veterans the care they needed and deserved. We are thankful to our provider network for their patriotism and the value they provided. It is critically important that we ensure our providers are paid for the services they rendered under the PCCC and Choice contract, in accordance with the terms and conditions the VA established. Since early 2018, we have worked with our providers and the VA and have increased our focus on reconciling provider accounts and helping them seek reimbursement either through HNFS or VA.

Over the period of performance on the PCCC and Choice contract, HNFS has processed approximately 9.5 million claims. Our provider payments total approximately \$2.7 billion. We will continue to support the effort to reimburse providers into the summer of 2020, ensuring appropriate payments are made to all of our providers who helped in this time of need. We are pleased to report that we are nearing

completion of reconciling all of the claims we are responsible for from our PCCC and Choice contract. We anticipate all remaining claims to be processed and completed by the end of July.

At the VA's request, and in good faith, we extended the original timely filing claims submission deadline of March 26, 2019 to Dec. 31, 2019. As a result, with no action required by providers, we reprocessed approximately 35,000 claims previously denied for timely filing. Additionally, we accepted new PCCC/VCP claims for services performed through Sept. 30, 2018, for care authorized by HNFS. (A new claim is one that had not previously been received and processed by HNFS.)

**As of Jan. 31, 2020, our claims inventory is less than 20,000 (14,000 new claims, 6,000 disputed claims) with expected provider payments of approximately \$4 million. Much of the remaining claims inventory is complex and will require additional research to ensure appropriate payment and proper stewardship of Government funding.**

**We are on schedule to complete our new claims inventory of 14,000 by the end of February and our provider claims inventory of 6,000 by the end of July. Our claims reconciliation efforts include reprocessing, adjusting for additional payment and recouping overpayments, as appropriate.**

HNFS' team of claims experts has deployed a significant number of personnel to work both telephonically and on site with many provider groups to resolve claims resubmission and payments in an effort to make the process easier for providers.

As we approach the end of our work on the contract, we are committed to continue working with the VA and providers to pay any and all eligible claims to fulfill our contractual obligations and our commitment to our nation's heroes. Additionally, HNFS has assisted the VA in identifying providers seeking assistance around continued confusion on where to submit claims that are associated with the current MISSION Act program contractor or the VA directly.

As this committee knows, the Veterans Choice Program underwent many changes and faced many challenges: for veterans navigating care, for the VA, for providers as well as the administrators. We hope many lessons can be learned from this valuable program and that veterans will continue to receive the care they deserve, whether directly through the VA or in their own communities.

We remain committed to supporting our nation's military service members and veterans, and are happy to be a resource to the VA and the committee as you move forward with the Community Care Program.

#### **About Health Net Federal Services**

Health Net Federal Services has a long history of providing cost-effective, quality managed health care programs for government agencies, including the U.S. Departments of Defense and Veterans Affairs. For over 31 years, HNFS has partnered with the Department of Defense to provide health care services to the men and women who serve, and their family members. Health Net Federal Services was one of the first companies in the U.S. to develop comprehensive managed care programs for military families. In addition, HNFS provides quality behavioral health services for active duty service members, veterans and their families. Visit [www.hnfs.com](http://www.hnfs.com) for more information.

**About Centene**

Centene Corporation, a Fortune 100 company, is a diversified, multi-national health care enterprise that provides a portfolio of services to government sponsored health care programs, focusing on under-insured and uninsured individuals. Many receive benefits provided under Medicaid, including the State Children's Health Insurance Program (CHIP), as well as Aged, Blind or Disabled (ABD), Foster Care and Long Term Care (LTC), in addition to other state-sponsored/hybrid programs with the U.S. Departments of Defense and Veterans Affairs. Centene operates local health care plans and offers a range of health insurance solutions. It also contracts with other health care and commercial organizations to provide specialty services including behavioral health management, in-home health services, life and health management, managed vision, pharmacy benefits management, specialty pharmacy and telehealth services.

**About Kathleen E. Redd**

Ms. Redd has over 30 years of experience in corporate financial management. Prior to joining Health Net Federal Services, LLC., Ms. Redd was the Vice President and Chief Financial Officer of Aerojet Rocketdyne Holdings, Inc., a New York Stock Exchange listed aerospace and defense contractor.

In April 2019, Ms. Redd was named as an honoree for the Sacramento Business Journal's "Women Who Mean Business" Award. In 2012, she was one of the Sacramento Business Journal's "Leaders of the Year" and in 2010, was named the Sacramento Business Journal's "CFO of the Year" in the large company category. Kathy is a certified public accountant and a graduate of California State University, San Jose.

Headquartered in Rancho Cordova, California, Ms. Redd leads an employee base of over 2,000 across 44 U.S. states, two territories and 17 countries across the globe who provide health care services to more than 2.9 million eligible military beneficiaries through the Department of Defense's (DoD) as well as our work with the U.S. Department of Veterans Affairs (VA).