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Testimony

of

Tracey L. Smith, PhD
American Psychological Association

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Committee on Veterans' Affairs
Subcommittee on Health

The Cost of Caring: Ensuring the Department of Veterans Affairs is a Competitive
Health Care Employer

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Chairwoman Brownley, Ranking Member Dunn, and members of the Subcommittee on Health, thank you for the opportunity to testify today on the topic of the Department of Veterans Affairs (VA) Health Administration (VHA) as a competitive health care employer.

I am a clinical psychologist, member of the American Psychological Association (APA), and President of the Association of VA Psychologist Leaders (AVAPL). I am here in my role as a member of APA, the nation's largest scientific and professional nonprofit membership organization representing the discipline and profession of psychology. APA has more than 118,400 members and associates who are clinicians, researchers, educators, administrators, consultants, and trainees. Through the application of psychological science and practice, our association's mission is to make a positive impact on critical societal issues. Over 5,000 psychologists work at VA in this same variety of roles, all of whom share your Subcommittee's commitment to ensuring that veterans receive evidence-based, high-quality health care.

Psychologists consistently represent one of VHA's top five workforce shortage disciplines; at a time when veteran mental health promotion and suicide prevention is of utmost concern, APA is pleased to see the Subcommittee consider recommendations for improving VHA's capacity to attract and retain the psychologists who are central to this care.

APA's testimony about VHA's ability to be a competitive health care employer of psychologists, and mental health providers more broadly, will focus on:

- recruitment incentives, including: salary and locality pay, pay authority for mental health providers, expedited direct hiring, bonuses, leave, debt reduction programs, scholarships, and teaching and research opportunities;
- retention issues, including: population based staffing, scope of practice, non-VA provider competency and quality standards, bonuses, incentive awards, and debt reduction; and
- recommendations to increase VHA's ability to attract and retain high-quality psychologists and other mental health care providers.

Recruitment

Psychologists take many factors into account when considering their career path. Though salary is important, psychologists also consider benefits such as: recruitment and job bonuses; annual, medical and educational leave; retirement pay; opportunity for advancement; job security; flexibility; psychological and physical safety; telework capabilities; job mobility; and teaching and research opportunities.

APA is a partner on VHA's recent Mental Health Hiring Initiative, which succeeded in increasing VHA's mental health workforce by 1,045 providers. Yet, VHA had to hire 4,122 mental health employees to achieve a net increase of 1,045. VHA has not accurately accounted for predictable retirements and resignations, or data on actual increases in the veteran population, resulting in far more need for mental health providers than anticipated.

While obstacles to recruitment, including compensation, are discussed below, VA employment has two key advantages over the private sector when attempting to attract stellar psychologists. The first is the opportunity to serve those who have served, and to serve veterans via a broader mission that extends beyond direct patient care. The prospect to engage in

research and teaching is particularly attractive to many highly qualified psychologists. The VA's tripartite mission of clinical care, teaching, and research is critical to caring for veterans and providing the workforce and science necessary to improve that care. Many psychologists choose to work in VA because other settings do not provide this same mix of opportunities.

Second, a strength in terms of recruitment is VHA's training programs. These programs create the clinical workforce for VA and the nation. Seventy percent of VA psychologists (and equivalent percentages of many other professions) received training in VHA. The ability to hire trainees using non-competitive hiring authority has been extremely helpful at some VA sites in facilitating hiring and reducing the time required to fill positions. In addition, people who train at VA generally have very positive experiences that increase the likelihood they will choose to work in VA.

Despite these strengths that facilitate VA hiring of psychologists and other mental health providers, there are significant challenges.

Salary & Locality Pay

In its last comparison of federal and private sector compensation,¹ the Congressional Budget Office (CBO) found that education was the primary factor in determining if federal employees had lower total compensation than those in the private sector. The salaries of federal employees with a professional degree or doctorate were 24% lower and their benefit compensation was about 3% lower than those in the private sector. This analysis is more conservative than that of the Federal Salary Council² (FSC) recommendations. The VHA Office of Inspector General (OIG) cited non-competitive salary as a reason for VHA healthcare occupational shortages³.

The FSC examines 47 separate geographic areas in its annual recommendations for locality pay, which has been partially helpful in reducing the pay gap between non-federal and civil service salaries in metropolitan areas. However, federal locality pay is based on the cost of labor rather than the cost of living or on price levels like the Consumer Price Index. Cost of labor and cost of living are highly correlated, but cost of living can be far higher than cost of labor in cities such as Boston, New York and San Francisco. VHA facilities in these cities lose prospective and existing employees because the private sector has outpaced the VHA in keeping up with market salaries.

The ability to recruit mental health providers in rural areas is a growing national problem that extends well beyond VHA. A 2018 study⁴ based on Health Resources and Services Administration (HRSA) data found significant shortages of behavioral health workers across the United States (psychiatrists, psychologists, social workers, licensed marriage and family therapists, licensed professional mental health counselors, and others). The shortages most keenly pertain to rural areas. Sixty-five percent of non-metropolitan counties do not have a psychiatrist and 47% of non-metropolitan counties do not have a psychologist.

VHA compensation, using the federal "Rest of the US" (RUS) category, is often the lowest in areas that some consider to be less desirable locations, and which often also have the fewest mental health providers. The VHA will have to be more resourceful in offering incentives to providers to physically work in rural areas, and to continue expanding the hiring of VHA telemental health providers to reach more remote veterans. VHA OIG reported that the lack of qualified applicants and geographical recruitment challenges are prime reasons for VHA health care occupational shortages⁵.

Pay Authority and Mental Health Providers

VA has three hiring authorities: Title 5 (T5), Hybrid Title 38 (HT38), and Title 38 (T38). Title 5 covers administrative non-health care civil service employees. HT38 includes psychologists, respiratory therapists, physical therapists, occupational therapists, pharmacists, licensed practical/vocational nurses, and others. T38 employees are physicians, dentists, podiatrists, optometrists, nurses, and others. Physicians and dentists have a special pay authority (T38, Section 7431) that allows for a combination of market pay, base pay, specialty pay, and performance pay. HT38 employees are covered by Title 38 for appointment, advancement, and certain pay matters, and by T5 for performance appraisal, leave, hours of duty, adverse actions, probationary period, reemployment rights, reduction-in-force, and retirement rules (except that part-time service is calculated under T38 retirement rules). Among HT38 employees, ***psychologists and some pharmacists are the only doctoral-level, licensed, independent professionals not in Title 38. APA has endorsed S. 785, the “Commander John Scott Hannon Veterans Mental Health Care Improvement Act of 2019,” which would move VA psychologists to Title 38.***

Psychologists have been in the top 5 “difficult to recruit” VHA occupations since at least 2013⁶. Consistent with the CBO report, VA psychologist salaries are often lower than their private sector colleagues. Among psychologists providing professional services, self-employed psychologists in non-incorporated businesses had the highest median salary at \$120,000, while those working in the federal government are at \$86,000⁷. The median salary for psychologists in research positions was \$95,000. Across sectors, salaries for research positions were highest in the private sector (\$130,000).

Within the current federal GS pay scale, psychologists reach the top of their full performance level for pay (GS 13, step 10) in 21 years or fewer, with no means of advancement unless they leave clinical practice and move into administration. This contributes to VHA losing its most experience psychologists. **In terms of improving VHA’s ability to recruit psychologists, moving psychologists under T38 would increase VA’s ability to recruit by simplifying the onboarding process and granting more control over setting pay that matches local markets. It would also improve the benefits such as leave and work/life balance, improving VA competitiveness with the private sector.**

Expedited Direct Hiring

For VHA to continue meeting its workforce needs, all the efforts of the Mental Health Hiring Initiative must be applied. There is wide variability in the responsiveness of VISN and Facility Directors to this initiative. Non-competitive hiring authority reduces some of the time to onboard.

Leave

Benefits, including leave, are an important part of VA psychologist compensation. Federal benefits are generous and as CBO showed for highly educated federal employees, benefits are comparable (on average only 3% lower) to those of the private sector. In addition to the typical federal benefits of health insurance, life insurance, and retirement benefits, VA offers other benefits that can assist with recruitment. In terms of leave, if VA psychologists are moved to T38, their leave could be matched to that offered to VA physicians and nurses. Currently, HT38 employees earn 4 hours of leave per pay period for 3 years, then 6 hours of leave/pay period for

more than 3 but less than 15 years of service, and 8 hours of leave/pay period after 15 years. VA will increase its recruitment (and retention) capacity for VA psychologists by offering equivalent leave.

Other Recruitment Incentives

VA can offer a variety of recruitment incentives in addition to recruitment bonuses, relocation bonuses, and retention allowance. Some of these are described below along with the limitations of the current mechanisms.

Debt Reduction Programs

The Education Debt Reduction Program (EDRP) can be a powerful recruitment incentive and was helpful in the Mental Health Hiring Initiative, but almost exclusively for recruiting physicians. Physicians have large debt loads but also higher earning potential; expanding the program to VA psychologists would help recruitment, particularly for junior and mid-career psychologists given their high student loan debt. VA's EDRP budget also is often depleted within a couple months of its release, making recruitment during the rest of the year more challenging. When VHA recruits are offered EDRP, they can *apply* to receive these funds, but there is *no guarantee that they will receive them*. Often it takes many months after being hired by VA before hearing whether one's EDRP application was approved and then many months after that approval to receipt of any funds. This contrasts with EDRP in some private sector settings, where these funds are guaranteed as part of the hiring process and funds are received soon after the initial hire date. VA should consider guaranteeing EDRP in exchange for a committed period of full-time service.

The Specialty Education Loan Repayment Program (SELRP) is another loan repayment program targeted towards physician residents that also should be expanded to VA psychologists and other occupations high on the staffing shortage list.

Scholarships

VA has existing scholarship programs that could be expanded to improve psychologist and other mental health care provider recruitment. Health Professions Scholarship Program awards scholarships to students receiving education/training in a health care services discipline. Awards are offered on a competitive basis and are exempt from federal taxation. In exchange for the award, scholarship program participants agree to a service obligation in a VHA health care facility. In 2019, this program is only available to physician assistants, nurses in Bachelor of Science programs, or nurses in master level programs with a mental health emphasis.

The MISSION Act included another scholarship program called Veterans Healing Veterans Medical Access and Scholarship Program, which provides funding for the medical education of the two highest ranking veterans entering each covered medical school in 2020. The veterans receive financial support in exchange for four years of full-time service at a VHA facility after residency. Support covers tuition, books and equipment, fees, two away rotations at a VA facility during senior year and a monthly stipend. This is an excellent model for how VA could recruit health professionals to serve in underserved areas if it is expanded to psychology and other health care professions.

Teaching and Research

The opportunity to spend part of one's employment engaged in teaching and/or research is very attractive to many highly qualified VA psychologist recruits. It also aligns with VA's broader missions. VA should ensure that education and research continue to be valued and funded, and that VA psychologists can receive protected time to conduct research.

Retention

In health care, employee turnover is especially costly; as the rate of turnover increases, the quality of patient care significantly declines⁸ since duties are shifted to remaining personnel, resulting in undue stress and burnout. The VHA OIG cited high staff turnover as a reason for VHA health care occupational shortages.⁹



Figure 1. Effects of low retention of healthcare employees¹⁰

With specific regard to mental health provider turnover, the National Academies 2018 report¹¹ noted that that 32 percent of VHA mental health providers indicated that “it was somewhat or very likely that they would leave within the next 2 years.” Reasons cited included a highly stressful and exhausting work environment, too few providers for the clinical demand, too few administrative support staff, and too little space.

VHA needs to improve mental health provider retention rates in order to reduce the cost of replacing employees, lessen the impact of the national mental health workforce shortage, improve continuity of care, maintain care quality and expertise, and reduce veterans' suicide rate.

Population Based Staffing

There is wide variability in the responsiveness of VA regional and facility directors to the recommended VHA outpatient mental health staffing levels. VHA currently recommends

staffing at a ***minimum*** of 7.72 mental health full time employee equivalent (FTEE) per 1000 veterans served in outpatient mental health care.¹² Both mental health care quality and access metrics (SAIL) are ***directly*** correlated with staffing levels.¹³ In recent years, only about 37% of VHA facilities have met that 7.72 minimum. This likely reflects the fact that facility directors must balance budget demands against staffing costs. Some VHA facilities are under unofficial mental health hiring freezes despite not meeting this mental health staffing requirement.

Retention rates of VA mental health care providers, including psychologists, would improve if the recommended staffing level were more rigorously enforced: ***expectations for VHA healthcare employees are uniform across the system but staffing levels are not.*** Figure 1 and a mental health care white paper¹⁴ show that low staffing undermines both access and quality, indicating that this is not just a retention issue – it is a patient care concern. Reaching and maintaining population-based staffing levels can be a challenge under the Veterans Equitable Resource Allocation (VERA) funding model. VERA provides funding for the coming year based on the number of veterans seen in that region in the prior 3 years. If there is substantial growth in number of veterans served, using previous years to predict future costs can result in budget shortfalls. VHA uses actuarial projections for planning future costs and changes to the veteran population but has not incorporated these projections into the VERA model. Such projections that account for growth over time would likely improve the accuracy of future workload and result in more equitable and perhaps more predictable distribution of funding.

Practicing at the Top of One’s License

In some VHA hospitals, the ratio of administrative staff to clinicians is 1:30, which leads to clinical staff taking on administrative responsibilities. In these situations where there is inadequate support staff, VA psychologists often spend extra time engaging in activities that could be effectively done by administrative staff, rather than utilizing the full extent of their education, training, and experience. Research shows that excessive administrative tasks divert time and focus from clinical care; decrease access and retention; and increase provider stress and burnout.¹⁵ Therefore, any successful increase in clinical staff also requires efforts to increase administrative staffing.

Lower Competency and Quality Standards for Non-VA Community Providers

Research demonstrates that VHA is a leader in the provision of high-quality, effective mental health care.¹⁶ VA’s provider training standards and quality monitoring are critical to this successful care. MISSION Act’s plan to hold non-VA, community mental health providers to different (lower) competency and quality standards likely will affect not only the mental health care veterans receive, but also VA psychologist morale and retention. VA must hold its third party administrator and non-VA mental health providers to the same high standards of professional training, cultural competence, evidence-based care provision, and access to which it holds its VA providers.

Retention Bonuses, Incentive Awards, Debt Reduction

Recognizing high-performing employees through monetary and non-monetary awards is essential to retention. VA psychologists place high value on VHA’s superior performance awards. In recent years, VA mental health chiefs have reported limited budgets and laborious processes for conferring special contribution awards, retention bonuses, and quality step increases, which are key to allowing for recognition of contributions that don’t meet the requirements for higher GS levels. For example, many VA psychologists have ancillary and

non-supervisory leadership roles that are extremely important for meeting national mental health requirements and improving care quality. Given the high cost of hiring and training new employees, these awards can be cost-effective tools. The ability to offer EDRP to existing VA psychologists also can be a very powerful retention tool. The program should be offered to high-performing existing VA psychologists and not just new hires.

APA Recommendations

APA recommends that the House Veterans' Affairs Committee:

1. Introduce and pass companion legislation to S. 785 that authorizes moving VA psychologists to full Title 38 and modifies Section 7431 of the title to allow for specific recruitment incentives and scaling of salary to reflect individual skills and talents. This allows VA to set salary levels according to individual providers' strengths, talents, and specialties, and would greatly improve recruitment and retention of highly skilled psychologists.
2. Require a report from VA within one calendar year regarding the following psychologist recruitment and retention efforts and benchmarks:
 - a. VISN and facility directors to meet or exceed the national recommendation for minimal MH outpatient staffing ratio.
 - b. Require open and continuous hiring announcements for psychology at all facilities below the national recommendation for these positions.
 - c. Require that Human Resources and mental health Chiefs regularly conduct required training on (1) open and continuous announcement creation and management, (2) non-competitive hiring guidelines, and (3) guidance on hiring trainees.
 - d. Ensure that VA facilities *bypass* Resource Management Committees when posting for *vacant* mental health positions.
 - e. Require that VA have a predictable EDRP budget and simplify and increase the timeliness of the EDRP application and approval process.
 - f. Expand VA scholarship programs for VA psychologists and graduate programs with service obligation requirements.
 - g. Require each VA facility to develop a mental health recruitment plan that considers not only current but also future mental health staffing needs.
 - h. Complete and distribute the recommendations of VA's national Mental Health Provider Retention Workgroup.
 - i. Require VA to report on hiring and retention incentives used to address psychologist recruitment.
 - j. Require that each VA facility develop a mental health staffing retention plan for psychologists.
 - k. Require VA's Health Operations and Management to issue a monthly report on mental health hiring (gains and losses), current SAIL mental health performance, and current growth to VISN and Facility Leadership until hiring goals are met.
 - l. Increase Recruitment, Retention, and Relocation caps to ensure adequate numbers of VA psychologists are recruited and retained.
 - m. Explicitly communicate to all VA levels that these have been increased and include assurance that this is not a one-year exception but will continue in future years to meet minimum mental health staffing levels.

3. Direct VA to create a workgroup to study and develop a plan to address the maldistribution of psychologists and other mental health care providers between metropolitan and non-metropolitan areas. VHA is unlikely to be able to purchase needed in-person care in non-metropolitan areas, so a vast expansion of VA psychologists conducting telemental health is needed. Recruiting staff to work in rural areas requires educational scholarships, changes to pay structure, and other recruitment and retention incentives.

Conclusion

APA and the VA psychologists whom we represent share your devotion to ensuring that veterans receive evidence-based, high-quality mental health care. We commend VA for recent efforts to recruit and retain a talented mental health care workforce and are pleased to be an official partner on VA's Mental Health Hiring Initiative. There is much work still to be done, however, and it is critical that APA's recommendations above, including full Title 38 authority for VA psychologists and directing VA to meet its mental health staffing ratio and other recruitment and retention benchmarks, are put in place to uphold our nation's promise to serve and honor America's veterans. We owe our veterans the very best of care, and to deliver that care we must invest in a stellar workforce.

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