

Marjie Shahani, MD, Chief Executive Officer, QTC Medical Services, Inc.

Senate Committee on Veterans' Affairs

Hearing on VA Contracts for Health Services

Wednesday, September 30, 2009

Testimony

Marjie Shahani, MD

Chief Executive Officer

QTC Medical Services, Inc.

Good morning Chairman Akaka, Ranking Member Burr and members of the Committee. On behalf of QTC Medical Services, Inc. (QTC), I would like to first and foremost thank you for the opportunity to discuss our support of the Department of Veterans' Affairs (VA's) Compensation and Pension Service, and how we provide medical examination services to the VA in a cost-effective and high quality manner. We have been honored to serve our nation's veterans and active duty service members since 1998. We consider ourselves a partner of the VA and are committed to providing excellent quality, timeliness and customer service to the VA and to our nation's veterans and service members.

QTC was founded in 1981. Over the past 28 years, we have grown to be a nationwide provider of disability and occupational health evaluation services. QTC has long-term contracts with federal, state and local government agencies and manages a nationwide credentialed network of private health care providers.

QTC provides Compensation and Pension (C&P) medical examinations and administrative services to the Department of Veterans Affairs in support of 10 VA Regional Offices in 9 states consisting of Texas, Oklahoma, Massachusetts, Virginia, North Carolina, Georgia, Washington, Utah and California. Our contract is with the Veterans Benefit Administration (VBA) to provide the medical evidence used by the VA Rating Specialists to determine the disability rating of a veteran. The primary contract deliverable is the narrative report and associated results from a medical examination performed in accordance with VA requirements.

Our testimony today addresses the Committee's request to understand how this VA contract for C&P medical examinations ensures both high quality and cost effective services.

The VA contract is a performance-based contract with financial incentives and disincentives. The intent of performance-based acquisitions is to encourage contractors and the Government to work together to achieve the contract objectives and provide the best services to customers – veterans and service members.

The VA contract ensures high quality services through performance requirements and performance metrics. It describes the required results in clear, specific and objective terms with

measurable outcomes as well as the method for monitoring performance. The management of contract performance is guided by the contract's terms and conditions and is achieved with the support of the business relationships and communications established between QTC and the VBA.

Performance requirements include:

- Conducting medical examinations using licensed and credentialed physicians, audiologists, psychologists, optometrists and other specialists as applicable.
- Adherence to over 50 VA Automated Medical Information Exchange (AMIE) worksheets which are also used by VA Medical Center (VAMC) medical providers performing C&P exams.
- Quality Assurance program to ensure that exam reports comply with VA requirements for a ratable report.
- Training program for examiners regarding VA programs, conducting C&P exams and differences between disability and treatment protocols.

Performance metrics include standards for timeliness, quality and customer satisfaction. The contractor must meet or exceed the defined standard for each metric. QTC monitors its operational metrics on a daily basis and the VBA formally measures and report results to QTC in Quarterly Performance Reports.

Timeliness standards provide the VBA with timely delivery of exam reports to support their efforts to improve average claims processing timeliness:

- The standard is 38 days average cycle time from receipt of exam request to submission of final exam report to the VBA.
- It is measured by quarterly reports from the VA's Veterans Examination Request Information System (VERIS).

Quality standards are used to ensure examination reports meet AMIE worksheet requirements needed for VA Rating Specialists to complete rating decisions:

- The standard is a minimum of 92% quality defined as complete adherence to, VA's AMIE worksheets.
- It is measured by quarterly reviews of a random sample of exam reports performed by the VA Medical Director and VA Central Office rating experts.

Customer satisfaction standards are used to determine the veteran's overall satisfaction with QTC's services to include scheduling, appointment notification and the examination itself:

- Satisfaction is measured by a customer survey provided to each veteran that is tracked by an independent third party under contract to the VA. Results are provided to QTC quarterly.
 - o Metric 1: Veterans are seen by the examiner within 30 minutes of their appointment.
- The standard is a minimum of 90% of veterans are seen by the examiner within 30 minutes of their appointment.

o Metric 2: Satisfaction scores on contractor's services.

The standard is a minimum of 92% of respondents are very satisfied or somewhat satisfied responses.

In addition to the contract requirements and performance metrics, QTC imposes its own extensive internal quality assurance processes to every aspect of the contract from scheduling the examination to submission of the complete medical report to the VBA. We are focused on consistent achievement of the contract objectives and strive for continual improvement.

Effective contract management by the VBA and QTC, ongoing oversight by the VBA and constant dialogue and communication assures the focus on results. Formal monthly reports and meetings between VBA and QTC are used to track achievement towards the performance metrics and discuss upcoming exam needs to assist planning efforts.

The VA contract ensures cost-effective services through three mechanisms:

- 1) A competitive contracting process,
- 2) Paying for services only when they are needed, and
- 3) Paying for services only when they meet or exceed contract performance standards.

The contract ensures cost effective services by following the Federal Acquisition Regulations (FAR) for full-and-open competition requirements. Through a competitive contracting process, the VA receives a competitive price for the services it requires.

The Committee should be aware that the contracted cost of C&P medical exam services includes more than the cost of the medical examination. Associated medical administrative activities are also included, such as scheduling, management of the veteran's case file, expert quality review, provider credentialing and training. The contract specifies that contractors are to charge the VA a fixed price per examination to include fully loaded labor costs, fringe benefits, equipment, locality adjustments, necessary reports, overhead, general and administrative and profit. Contracting for C&P medical examination services provides an essential service as the volume of exams, the number of claimed conditions and specific location of the exams varies dramatically. Permanently staffing for these variances at all locations would be extremely difficult, and costly, for any medical entity or program office. The VA contract is a fixed price contract which provides the VBA complete control on ordering examinations as needed with no commitment of volume from the government to the contractor. Contracting for these services is a cost effective way to ensure the VA only pays for services when and where they are needed. The use of volume discounts on our contract also provides a mechanism for the VA to receive cost-effective services during periods with high examination requests.

Additionally, the contract performance requirements and metrics – that we have reviewed with you – ensure the VA only pays for high quality services and results. Financial penalties are assessed when performance does not meet the defined standard.

The VBA contract is designed to incentivize quality and cost-effective services. QTC is proud of the partnership that has been developed with the Department of Veterans Affairs while working together in achieving the contract objectives.

Finally, QTC believes the reasons this contract is successful include our performance over the past decade and dedication to our veterans and the VA's mission. Of equal importance is the twofold effort from VBA – to have effectively executed a performance-based contract with focused performance metrics and clear requirements, and the extraordinary role our VBA customer has played in working alongside us, providing ongoing communications, collaboration and support. We are partners: both working to provide excellent, ratable examinations for veterans filing claims for disability compensation – with quality, timeliness and veteran satisfaction.

Thank you again for the opportunity to testify today. I look forward to answering any questions you may have.