Statement

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On

Examining the Veterans Choice Program and the Future of Care in the Community

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By

Association of American Medical Colleges

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Thank you for this opportunity to submit comments on behalf of the Association of American Medical Colleges (AAMC) regarding the Department of Veterans Affairs (VA) community care and VA's relationships with U.S. medical schools and teaching hospitals for the benefit of our nation's Veterans. The AAMC looks forward to working with Congress and the Administration to ensure that the long-standing and critical partnerships between VA and these academic affiliates are preserved and enhanced. We share the VA's commitment to caring for our nation's Veterans through our joint missions of patient care, research, and education to improve access and quality of care for Veterans, both inside and outside the VA system.

The AAMC is a not-for-profit association dedicated to transforming health care through innovative medical education, cutting-edge patient care, and groundbreaking medical research. Its members comprise all 147 accredited U.S. and 17 accredited Canadian medical schools; nearly 400 major teaching hospitals and health systems, including 51 VA medical centers; and more than 80 academic societies. Through these institutions and organizations, the AAMC serves the leaders of America's medical schools and teaching hospitals and their nearly 160,000 faculty members, 83,000 medical students, and 115,000 resident physicians.

The unique relationship between the VA and academic medicine dates to the end of World War II when the VA faced a severe shortage of physicians as nearly 16 million men and women returned from overseas, many with injuries and illnesses that would require health care for the rest of their lives. At the same time, many physicians were returning from the war without having completed residency training.

The solution was VA-academic affiliations established under VA Policy Memorandum No. 2, making the VA an integral part of residency training for the nation's physicians. In return, the VA improved access and quality of care for our nation's Veterans. What started as a simple idea in a time of great need has developed into an unprecedented private-public partnership. Today, the VA has over 500 academic affiliations, and 127 VA facilities have affiliation agreements for physician education training with 135 U.S. medical schools. The AAMC encourages Congress and the Administration to build upon this past success to improve access and quality of care for the military service members who have bravely served our country.

THE ROLE OF ACADEMIC AFFILIATES IN CARING FOR VETERANS

Many Veterans who use VA services face complex health care conditions, ranging from chronic diseases associated with aging, treatment and rehabilitation from polytrauma injuries and complications, and neuropsychiatric and behavioral disorders associated with traumatic brain injuries, post-traumatic stress (PTS), depression and the tragic risk of suicide. These conditions not only affect individual Veterans but they also impact their families and the communities in which they reside. It is heartbreaking to hear the stories of Veterans and their families who have suffered; who have not received responsive and timely care; and who appear to have been left behind as the nation continues to move forward. Our collective responsibility and moral obligation as a nation is to address these challenges directly and with empathic urgency.

U.S. medical schools and teaching hospitals are committed to mobilizing the resources necessary to partner with the VA to solve the 21st century problems of Veterans and their families. The

AAMC as the membership organization for academic medicine would like to offer recommendations to ensure that we effectively partner with the VA to ensure that our nation's Veterans have access to the highest quality care, and to hold forth the promise that the next generation of physicians and health professionals will have the necessary competencies to care for Veterans, and all patients, across the care continuum.

Access to Complex Clinical Care

Veterans require the entire spectrum of clinical care services: preventive services, primary care, and highly-specialized clinical treatment. The VA's ability to directly contract with academic affiliates allows for planning, staffing, and maintaining infrastructure for complex clinical care services that are scarcely available elsewhere. In this way, the AAMC supports the proposed VA Core Network that retains academic affiliates as an immediate extension of VA. Further, when well-functioning contractual relationships exist between these institutions, there are better outcomes for Veterans and more efficient and cost effective use of health care resources.

Medical Education and Training

The VA is an irreplaceable component of the U.S. medical education system. Each year, the VA helps train more than 20,000 individual medical students and more than 40,000 individual medical residents within its walls. As a system, the VA represents the largest training site for physicians, and funds approximately 10 percent of national graduate medical education (GME) costs annually. The GME relationship between the VA and academic affiliates does more than benefit learners and training programs. Under the supervision of faculty, many of whom have been jointly recruited by the medical school and the VA, residents and fellows provide substantial and invaluable direct patient care. The VA patient-learner dyad is also a cultural anchor for many young physicians who have never served in the nation's armed forces. Thus, their VA rotations expand their empathic understanding of what it means to "serve and sacrifice" for the nation. Without this GME partnership, care for Veterans inside and outside the VA system would be diminished.

Innovation from Veteran-Centric Research

The combination of education, research, and patient care that occurs because of the close relationship and proximity among VA medical centers (VAMCs) and academic medical centers (AMCs) cultivates a culture of research curiosity and innovation. Medical faculty must be skilled in the latest clinical innovations to train the next generation physicians that will care for Veterans. State-of-the-art technology and groundbreaking treatments jump quickly from the research bench to the bedside to the care delivery system. The VA's intramural research program serves as a recruitment tool and sponsors numerous projects in areas that specifically benefit Veterans and the unique challenges they face — research that might otherwise be neglected in the private sector. Ultimately, we all benefit from breakthroughs at the VA, which have led to the cardiac pacemaker, CAT scans, kidney and liver transplantation, the nicotine patch, and numerous prosthetic developments.

IMPROVING VETERANS' ACCESS TO CARE AT ACADEMIC AFFILIATES

The nation's major teaching hospitals — frequently with regional campuses and co-located near VAMCs — provide around-the-clock, onsite, and fully-staffed standby services for critically-ill and injured patients, including trauma centers, burn care units, comprehensive stroke centers, and surgical transplant services. While on paper there may be appeal to increasing Veteran's access to civilian health care services through fee-basis mechanisms like the Veterans Choice Program, this also has the potential to dilute Veterans' access to the very best care available.

The rational is quite simple. For highly specialized complex clinical care, for example cardiac by-pass surgery, we know that heart centers that do high volumes of cardiac by-pass procedures have better outcomes than those who have less volumes. AMCs around the country make tremendous investments in their cardiovascular service lines, including capital equipment, human capital investment and protocol management to ensure topflight care. Many regional VAMCs neither have the budgetary strength, patient volumes or human capital to invest in these types of services in order to have comparable outcomes observed in civilian programs. Like with commercial and managed care organizations who preferentially contract with AMCs to ensure that their beneficiaries receive top line care, these same principles should be encouraged and embraced by the VA.

The VA's 2015 Plan to Consolidate Community Care Improves the Current System

The Veterans Health Care Choice Improvement Act of 2015 (P.L. 114-41) required the VA to "develop a plan to consolidate all non-Department provider programs by establishing a new, single program to be known as the 'Veterans Choice Program' to furnish hospital care and medical services to Veterans enrolled in the system of patient enrollment established under section 1705(a) of title 38, United States Code, at non-Department facilities."

As proposed in the VA's 2015 plan, the AAMC supports a tiered network of providers in order to improve Veterans access to care at academic affiliates. The proposed VA Core Network would include federal and academic partners, and would be treated as a direct extension of VA care. The External Network would include a Standard Tier as well as a Preferred Tier for providers that demonstrate quality and value.

Under the plan, AMCs would be able to continue contracting directly with the local VA Medical Center to provide clinical services. This contracting would be streamlined with national templates, but allow for local flexibility. Importantly, medical schools and teaching hospitals would also be eligible for fee-basis care under the new External Network that is reimbursed at Medicare rates with customized fee schedules for selected areas and scarce specialty services.

The VA would be responsible for case management and referrals instead of third party administrators. Additionally, VA would accept academic affiliates' credentialing, with a new VA oversight committee to audit compliance with credentialing standards. The VA also plans to streamline referrals and health information sharing by automating these processes. The plan also calls for greater monitoring of outcomes and quality metrics for non-VA providers. VA is expected to utilize existing metrics, such as those under the Centers for Medicare and Medicaid (CMS) Hospital Value-Based Purchasing (VBP) program.

Improving VA Sole-Source Contracting with Affiliates

As was stated earlier, today's AMCs are sites where quaternary and complex clinical care can be best delivered to Veterans who are in need of those services. Improving the contractual processes between AMCs and regional VAs or VISNs would greatly relieve the administrative burdens for all parties, and thereby enhance the coordination and continuity of care for Veterans who require complex care.

While it is important to have performance standards and data, they will only confirm what we already know: the process for long-term, high value sole-source affiliate contracts (SSACs) is arduous, resulting in short-term SSACs as a fallback. In other words, the problem is the process itself, not the oversight of the process. The most frequently identified barrier is the additional review of contracts greater than $500,000 by the VA Office of Inspector General (OIG). To apply similar review to short-term contracts under $500,000 would only create the same problems we've seen with long-term, high-value SSACs.

Short-term agreements are executed as services are about to expire and leave Veterans in a lurch. AAMC members frequently report that short-term contracts are used as placeholders for long-term, high-value contracts. Both VA medical centers and their affiliates would prefer long-term, high-value SSACs, but the process and OIG oversight prevents or significantly delays agreements. As such, the focus should be on improving the process of long-term, high-value SSACs, rather than imposing similar arduous oversight on short-term SSACs.

In addition to improving turnaround for SSAC development and approval, the contracting rules for the VA are not designed with clinical services in mind. The size of clinical services contracts varies greatly, but AAMC members report that virtually all 5-year contracts with the VA are between $2 million and $10 million, far exceeding the current $500,000 threshold for additional review. As an example, the AAMC estimates that contracts for the following clinical services would surpass $500,000 and trigger additional review:

- 10 uncomplicated cardiac surgeries
- 4 burn cases
- 5 intensive care unit cases
- 10 outpatient radiation cases
- 10 esophageal cancer surgery cases

The AAMC understands the need for federal oversight, but often the administrative bodies designed to review and enforce this oversight have a less than full understanding of the value in contracts with academic affiliates. This value is why VA Directive 1663 states, "Sole-source awards with affiliates must be considered the preferred option whenever education and supervision of graduate medical trainees is required (in the area of the service contracted). The contract cost cannot be the sole consideration in the decision on whether to sole source or to compete."

However, by VA's own estimation, once the decision to contract out care has been made, VA sole-source contracting with trusted academic affiliates takes longer than the formal competitive solicitation process — officially between 17-28 weeks compared to 14-18 weeks, respectively, according to VA Directive 1663. Sole-source contracts over $500,000 go through an additional

10-11 weeks of review (23-25 weeks total) compared to contracts under $500,000. Contracts over $5 million require an additional 3 weeks (26-28 weeks total). AAMC members report additional delays of up to 18 months as a result of the VA OIG pre-award audit for sole-source contracts that exceed $500,000.

As a result of approval delays, it is necessary to execute a series of extensions or short-term contracts to continue to be paid for services. This requires a great deal of time and effort on the part of both the VA and the academic affiliate. In some cases, payment is delayed as a result of this process. In the long term, it makes it difficult for departments to recruit faculty for the VA because there is no commitment for future funding.

Establishing Joint Ventures With Academic Affiliates

To better align the VA and the nation's medical schools and teaching hospitals, the AAMC supports the Enhanced Veterans Healthcare Act of 2017 (H.R. 2312). The VA and academic medicine have enjoyed over a 70-year history of affiliations to help care for those who have served this nation.

This shared mission can be strengthened through joint ventures in research, education, and patient care. Already our institutions and medical faculty collaborate in these areas, but often VA lacks the administrative mechanisms to cooperatively increase medical personnel, services, equipment, infrastructure, and research capacity.

Current authority for VA to coordinate health care resources with affiliates has been narrowly interpreted by VA Office of General Counsel and the OIG. VA can occupy and use non-VA space for limited purposes, but only under 6-month sharing agreements, 6-month revocable licenses, or 5-year leasing agreements — all of which have failed in practice.

AAMC Recommendations

1. VA Core Network with Affiliates: AAMC supports implementation of the VA's 2015 plan to consolidate community care and create a tiered network that facilitates provider participation, but importantly does not dictate how Veterans will use the network. For academic affiliates who do not yet participate in the VA Choice Program, the Core Network will enable VA to sustain and strengthen relationships with affiliates and allow Veterans access to the high quality, timely care these affiliates deliver.

2. Contracting Process Improvements: Sole-source contracting with trusted academic affiliates should not take longer than the competitive bid process. The AAMC recommends exempting sole-source contracting with academic affiliates from additional OIG review triggered by the $500,000 threshold, or raising the trigger to at least $2.5 million for 5-year contracts.

3. Pre-Approved Templates and Rates: As referenced in the VA's consolidation plan, the AAMC appreciates VA's willingness to develop pre-approved template contracts that reimburse certain services with at least Medicare rates. Additionally, we have discussed the development of standardized facilities and administrative rates to eliminate unnecessary negotiations and contract delays.

4. Joint Ventures with Academic Affiliates: The Enhanced Veterans Healthcare Act of 2017 (H.R.2312) would direct the VA to enter into agreements for health care resources (including space) with schools of medicine and dentistry, university health science centers, and teaching hospitals to deliver care to our Veterans to meet the growing demand for Veteran health care services.

CONCLUSION

Mr. Chairman and Members of the Committee, thank you for the opportunity to submit this statement on these important issues. The VA is at a crossroads. VA GME, research, joint ventures, and the proposed Core Network of the Veterans Choice Program can strengthen the 70-year history of VA-academic affiliations and prepare our country for the next chapter of VA health care. The AAMC and our member institutions will continue to work with the Congress and the VA to address the challenges and opportunities to ultimately improve care for Veterans and all Americans.