

**STATEMENT OF THE HONORABLE DENIS McDONOUGH
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BEFORE THE COMMITTEE ON VETERANS' AFFAIRS
UNITED STATES SENATE**

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Introduction

Good morning, Senator Hirono and distinguished guests. Thank you for inviting me here today to discuss VA's commitment to delivering timely, world-class, care and services to our Nation's Veterans. The Department of Veterans Affairs (VA) employs over 400,000 employees, one third of whom are Veterans, who come to work every day with one goal in mind: to serve Veterans, their families, caregivers and survivors as well as they have served our country. The President has called this a sacred obligation with a mission that unites us all. For us, Veterans are our mission.

Our employees prove daily that we will face any challenge and go to any length, including during the worst pandemic in more than 100 years, to ensure Veterans receive the care and services they have earned and deserve. Despite the strain of the pandemic, VA employees worked tirelessly to ensure that Veterans received care, and access to services earned, deferring time off and retirement out of their own sense of dedication, and this passion continues today. A recent study in *The Lancet Regional Health* found that our employees succeeded,¹ and that VA's strategy likely saved Veteran lives, and we continue to stand ready to help Veterans meet their individual health care goals.

Hailing from communities across the Nation, the population of Veterans VA serves is unique, with rich diversity, seniority in age, health challenges specific to military service and a high percentage of Veterans choosing to live in rural areas, among other factors. This requires VA to be exceptionally proactive and innovative to achieve meaningful access and outcomes for each Veteran in our care.

VA Pacific Islands Health Care System Overview

VA Pacific Islands Health Care System (VAPIHCS) in Honolulu provides a broad range of medical care services for an estimated 130,000 Veterans in Hawai'i and the Pacific Islands. VAPIHCS provides outpatient medical and mental health care through a main Ambulatory Care Clinic on Oahu (Honolulu) and eight Community Based Outpatient Clinics (CBOCs) on Oahu (Leeward and Windward) and neighboring islands, including: Hawai'i (Hilo and Kona), Maui, Kauai, Guam, American Samoa and smaller/partnered VA Clinics on Molokai, Lanai, Saipan. Groundbreaking on a new CBOC, recently named after Senator Daniel K. Akaka, took place in December 2021. Upon completion, the \$100M 88,675 square-foot multi-specialty outpatient clinic will

¹ Available online: <https://www.sciencedirect.com/science/article/pii/S2667193X21000892#bib0011>.

provide primary and mental health care, x-ray, laboratory and diagnostic services, a pharmacy, and specialty care for more than 87,000 Veterans on Oahu. This clinic, known as the Advanced Leeward Outpatient Healthcare Access project, will significantly expand services to Veterans by increasing access to VA's advanced technology, top providers and staff who will provide safe, compassionate, and quality care.

VAPIHCS Honolulu Ambulatory Care Clinic provides outpatient primary care, mental health care, dental care, and specialized outpatient treatment programs such as substance use, day treatment, geriatric evaluation and management, and specialty clinics. Medical specialty and mental health care are also offered by traveling VAPIHCS specialists and via telehealth clinics, which link the CBOCs, the Ambulatory Care Clinic, and VA facilities located within the Veterans Integrated Service Network (VISN 21) at Palo Alto and San Francisco. Community care also plays a significant role in the delivery model of care for VAPIHCS, operated through Third Party Administrator TRIWEST and through agreements with community non-VA providers. VAPIHCS also has a dynamic and longstanding relationship with the Department of Defense (DoD), including a VA/DoD Joint Venture with Tripler Army Medical Center (TAMC) and collaboration with Guam Naval Hospital.

Impact of the VA MISSION Act on the Balance of Care between VA and the Community

Since the Veterans Community Care Program established by the John S. McCain III, Daniel K. Akaka, and Samuel R. Johnson VA Maintaining Internal Systems and Strengthening Integrated Outside Networks Act of 2018 (MISSION Act) was implemented in June 2019, VA has observed several trends in how Veterans are accessing VA care and the extent to which they rely on it. While this analysis has been challenged due to confounding factors such as the impact of the COVID-19 (COVID) pandemic, there are several important takeaways that we have learned since this program was implemented.

Our analysis shows that the VA MISSION Act perpetuated and, in some cases accelerated, trends that have been observed over the last decade. First, while total VA health care enrollment has remained relatively stable, Veteran reliance on VA (direct care and community care) overall has been growing. Second, the use of VA direct care is growing, but use of community care is growing faster. Third, the growing use of VA care is not uniform across the country.

To put the growth of community care into perspective, community care accounted for 23% of the total workload, by relative value units (RVUs) of VA care in fiscal year 2018. Three years later, in fiscal year 2021, community care RVUs grew to 35% of the total workload. As RVUs represent a metric most relevant to costs, our community care spending has increased accordingly.

Additionally, when examining the balance of care VA provides as a function of outpatient appointments, VA community care represented approximately 25% of total Veteran appointments immediately prior to the implementation of the VA MISSION Act.

Timeliness Trends after the VA MISSION Act and the Pandemic

Within 8 months of implementation of the VA MISSION Act and initial publication of the current, designated access standards, the COVID-19 pandemic took hold. This served as a significant confounder in determining the specific impacts of the VA MISSION Act. Initially, during the first 2 years of the pandemic, Veterans experienced decreased wait times for direct primary care and mental health services beginning in March 2020. This was largely the result of deferred primary and mental health care due to necessary curtailments in VA services to address the pandemic when care was not deemed necessary, Veterans choosing to postpone elective care, and increased use of virtual care options in lieu of in-person care.

Currently, VA is experiencing similar trends to those seen in health care settings across America, including increasing volumes of appointments due to the return of Veterans who previously delayed or deferred care needs; growing health care demands across the Veteran population; recruitment and retention challenges due to an increasingly competitive job market; and COVID-19's continuing impact on staffing levels as case rates ebb and flow across the United States. As a result of factors such as these, we have seen average wait times grow slightly in our direct care system in the past year.

VA understands the importance of listening to Veterans and gathering feedback from front-line field staff who engage with Veterans daily, as this information helps refine our access strategy. Local site visits by our Integrated Veteran Care team have shed light on unique, root cause challenges in both the direct care system and for community care. We have identified the longest parts of each process, affording us insights that have directed the efforts of VA's Office of Integrated Veteran Care.

Veterans are scheduled for care faster in the direct care system than in the community, but they often wait longer between the date they received their confirmed appointment and their actual appointment date. Our site visits have surfaced a few primary reasons for this: first, Veterans have been catching up on previously deferred or delayed care because of the pandemic, on top of baseline demand. Secondly, staffing challenges have been significant in the context of increased competition in the labor market. Third, we are navigating a competitive health care recruiting environment as well as the need to onboard new hires much more rapidly. Fourth, there is a continual need to ensure that our physical and virtual infrastructure best allows us to meet the access needs of Veterans. All of this has made clear that increasing the accessibility and availability of appointments would be the most impactful actions to improve access in the direct care system.

In addition to increased staffing, we are also focused on optimizing clinical productivity. In the coming months, providers will be expected to utilize 80% of their bookable clinical time with limited exceptions and with standardized appointment lengths for each service to ensure that we are optimizing available clinic time and

consistently accommodating as many Veterans as possible.

We have created a roadmap to ensure all necessary steps are taken for successful implementation and are targeting full implementation prior to the end of the calendar year. VHA directives and guidebooks are being updated to reflect the new standards. Across the system, VHA facilities have started implementing the standards, and preliminary results are promising with improvements in wait times for Veterans in certain areas. It is important to note that clinical work is a team effort and, to fully achieve the promise of this effort, we will need to ensure that we recruit and retain the employees necessary to support our clinicians in meeting these productivity goals.

The ability to expand health care access through telehealth services also continues to be a priority focus for increasing available appointments in the direct care system. Being able to meet specialty care needs through telehealth appointments increases access and availability across VA, especially when VA providers can provide care across State lines. VA is reinvesting in telehealth more broadly to reliably allow providers from across regions, and in some cases, across the country, to offer more appointments to Veterans in any given location.

Our analyses have revealed that, in contrast to our direct care system, the time duration for scheduling care in the community is often longer than the duration of time a Veteran waits between receiving a confirmed appointment and the date of their actual appointment. Various workflow, staffing and system challenges make the appointment process challenging for community care staff, including a lack of direct visibility into community care appointment availability. Therefore, we currently have a task force of experts reviewing our scheduling processes to identify opportunities for significant system improvements.

We also continue to closely monitor the performance of our Community Care Network (CCN) and the availability of community providers working with our third-party administrators to build capacity and address gaps. Today, CCN lessons learned from the last few years are being incorporated as we prepare for the next generation of CCN contracts timed for the fall of 2023.

Targeting Our Access Initiatives Locally, with VISN and National Support

It is important to note that unique local challenges may account for some of the most significant barriers to accessing care and may not be unique to VA. Some of these challenges in Hawai'i include:

- Limited non-VA medical care resources on the islands of Hawai'i, characterized by an industry-wide shortage of skilled professionals and facilities; and
- Industry-wide provider turnover and associated recruitment and retention challenges in health care.

The distance separating Oahu and the mainland from all outlying islands makes some care accessible only by airplane and may require Veterans to travel or may require skilled clinicians and care teams to travel to meet Veterans' needs.

To address the limited health care resources on the Hawaiian islands, VAPIHCS has undertaken several recruitment efforts. The facility is maximizing the use of special salary rates, recruitment, relocation, and retention incentives and offers Permanent Change of Station for hard to fill medical professionals. They also utilize the Education Debt Reduction Program for eligible positions. Health care recruiters are used to recruit medical professionals using both USAJOBS and other advertising means; the facility also recently conducted three successful virtual job fairs. In addition, VAPIHCS works with the John Burns School of Medicine at the University of Hawai'i Manoa where they have 16 residency spots.

VAPIHCS will further leverage their university affiliations and engage more aggressively with TriWest in contract administration to ensure that community providers are available to meet the needs of the Veterans of Hawai'i. VAPIHCS has increased the rotation of specialty providers to the neighbor islands and maximized the use of telehealth and the VISN 21 Clinical Resource Hub. The facility continues to coordinate with Voluntary Services to work on directed donations for Veterans not eligible for Beneficiary Travel. VAPIHCS is in the process of hiring three transportation staff to further support and coordinate Veteran travel

VAPIHCS is taking full advantage of local, VISN and national resources to increase hiring, incentivize providers to work at VAPIHCS, enhance the partnership with their affiliate and community health care providers, and increase travel options for Veterans who must travel to receive care.

Veterans Benefits and the Honolulu Regional Office (RO)

Nationwide, as of September 20, 2022, the Veterans Benefits Administration (VBA) has completed 1,653,116 claims, 8.5% ahead of fiscal year 2021 and without sacrificing quality. Also, the backlog represents currently 23.7% of the overall claims inventory (639,873), or about half of what it was at its peak during the COVID evidence issues in 2021, which included limited ability to obtain exams and Federal records; the actions our staff have taken to adjudicate disability compensation claims more accurately and more quickly have reduced the percentage of backlogged claims to levels closer to the average pre-COVID. Additionally, our National Call Centers have answered 7.3 million calls, 7% more than this time last year. Nationwide, VBA has completed over 320,000 original education claims and over 3.1 million supplemental education claims in fiscal year 2022. Notably, VBA's Veteran Readiness and Employment program has achieved over 16,000 positive outcomes for Veterans and the Loan Guaranty program has guaranteed over 730,000 VA home loans nationwide.

The Honolulu Regional Office (RO) provides benefits and services to Hawaii's 113,000 Veterans and their families throughout the state. The Honolulu RO has worked hard to increase outreach and support to Veterans in remote underserved locations. The RO assists in administering benefits to Veterans in outlying areas, including the

Commonwealth of the Northern Mariana Islands (CNMI) and the Freely Associated States (FAS), consisting of the Federated States of Micronesia, the Republic of the Marshall Islands, and the Republic of Palau. In 2021, two permanent Legal Administrative Specialists were added to the Honolulu RO to increase Veteran support and access to benefits and services. Additionally, the Honolulu RO permanently placed a Public Contact Representative (PCR) on the CNMI island of Saipan, which also conducts outreach on the CNMI islands of Rota and Tinian, and permanently placed a PCR on American Samoa. Since the placement of the permanent employees, the PCRs have conducted 265 in-person interviews in the CNMI and 236 in-person interviews in American Samoa for benefits assistance.

At the end of FY21, VA was paying compensation benefits to 31,383 Veterans in Hawaii, and pension benefits to 539 Veterans. Throughout FY21, education program participants in Hawaii totaled 5,147.

Through VA's Loan Guaranty Service (LGY), VA guarantees home loans made to eligible Veterans and certain surviving spouses for the purchase, construction, alteration, improvement or repair of a dwelling to be owned and occupied by the Veteran or in certain cases the surviving spouse. VA also guarantees home loan refinances. In Hawaii, as of September 25, 2022, VA guaranteed more than 5,000 loans this fiscal year: 3,100 of these loans for Veterans to purchase a home, and another 1,965 refinance loans. Over the last three fiscal years, more than 28,000 loans have been guaranteed in Hawaii. VA also approved four Veterans or service members for a Specially Adapted Housing (SAH) grant in fiscal year (FY) 2022. Over the last three fiscal years, 26 SAH grants have been approved.

To serve Veterans residing in American Samoa, Guam and the CNMI as well as other Native American Veterans, VA is authorized under 38 U.S.C. §§ 3761-3765 to provide direct housing loans to Native American Veterans purchasing on trust lands. This program is known as the Native American Direct Loan (NADL) program. NADL activities for American Samoa, Guam and CNMI are managed by NADL coordinators located in Hawaii, who also administer the program to Native Hawaiians² purchasing on the land trust held by the Department of Hawaiian Home Lands.

Although Veterans residing outside of the United States are unable to obtain VA-guaranteed home loans or VA direct loans, VA does offer SAH grants for Veterans with certain service-connected disabilities so they can buy or adapt a home to meet their needs to live more independently. SAH grants made under chapter 21 of title 38, *United States Code*, are available to Veterans residing outside of the United States if they meet all eligibility requirements. Since the program began, VA has approved 3 SAH grants in American Samoa totaling \$178,000 and nine grants in Guam totaling \$659,000. Veterans living in the FAS with qualifying disabilities may be eligible for this grant that provides the most severely disabled Veterans with funding to implement adaptations

² 38 U.S.C. § 3765(3)(B)

that improve the livability and enjoyment of their home.

VA's Insurance Service provides insurance coverage to Veterans, Service members and their families in all insurance programs, regardless of where they reside, except for Veterans' Mortgage Life Insurance (VMLI).

VMLI provides mortgage protection insurance of up to \$200,000 to the families of Veterans with severe service-connected disabilities and adapted homes. To qualify, Service members and Veterans must: 1) have received an SAH grant to buy, build or make changes to a home to allow them to live more independently; 2) have title to the home; 3) have a mortgage on the home; and 4) be under 70 years of age upon completed application for VMLI. For the purpose of the program, the definition of real property situated within the United States includes property in "the several States, Territories and possessions, and the District of Columbia, the Commonwealth of Puerto Rico, and the Commonwealth of the Northern Mariana Islands", which includes the inhabited U.S. territories of American Samoa, Guam and the U.S. Virgin Islands. See 38 C.F.R. § 36.4332.

At the end of FY21, VA provided insurance policies to 3,080 Hawaiian Veterans, Service members and their families.

VA's Veteran Readiness and Employment Service (VR&E) provide services that allow claimants who reside outside the United States to receive rehabilitation services and other assistance of the same quality as claimants residing inside the United States.

The Honolulu RO manages cases of claimants who reside in the CNMI and the FAS. To increase access to benefits and services, the Honolulu RO increased support by stationing an additional Vocational Rehabilitation Counselor in Guam in June 2021. In FY21, VA rehabilitated 148 Hawaiian Veterans through independent living, and 136 Hawaiian Veterans through obtaining suitable employment.

The VR&E Quality Assurance (QA) program conducts site visits and case reviews at each RO to help ensure compliance with regulations and guidance. A site visit was conducted at the Honolulu RO November 1-5, 2021. The site visit validated that Veterans in outlying areas received services consistent with regulations and guidance. During the site visit, the QA team noted that the Honolulu RO average number of days in Evaluation and Planning (EP) status was well below the national target of 85 days. At the time of the site visit, the Honolulu RO's average number of days in EP status was 66.4 days. This metric is an indicator that Veterans are being placed into a plan of services in a timely manner. Additionally, the QA team noted that the Honolulu RO placed 64 Veterans into employment with Federal agencies during fiscal year (FY) 2021 and 5 Veterans obtained employment with Federal agencies during the first month of FY 2022.

Additionally, VR&E coordinates the home adaptation grant program, in partnership with the LGY SAH program, for eligible participants living in the following

areas: American Samoa, the CNMI and Guam.

VA's Outreach, Transition, and Economic Development Service (OTED) works closely with RO leadership to ensure that Veterans and survivors who reside on Guam, CNMI, American Samoa and the FAS receive seamless and comprehensive benefits information and delivery.

OTED communicates with the Honolulu and RO on an established cadence to discuss communication issues and benefits delivery to Veterans in the CNMI, Guam, American Samoa and the outlying islands. In addition, OTED participates in the Indo-Pacific Workgroup, which meets monthly to discuss and address communication concerns and benefits delivery to Veterans in those outlying areas. Lastly, OTED conducts annual and ad hoc training with the Pacific embassies to improve benefits delivery to the outside of the Continental United States (OCONUS) region.

To assist Veterans in obtaining disability benefits, VA's Medical Disability Examination Office (MDEO) currently oversees two international contracts for provisioning examination services to Veterans and Service members living outside of the Continental United States (OCONUS). Through these contracts, Veterans and Service members receive examinations in conjunction with their claims for benefits.

The international contracts currently include 39 OCONUS locations. CNMI is listed as 1 of the 39 locations where Medical Disability Examination (MDE) contractors are to provide examination services. These services include in-person, Tele-Compensation and Pension (C&P), Acceptable Clinical Evidence (ACE) or a combination of these examination modalities upon receipt of an examination scheduling request. Therefore, MDE contractors have an established examiner network in the CNMI to provide these types of examination services.

National Memorial Cemetery of the Pacific

VA's National Cemetery Administration (NCA) administers burial and memorial benefits and services to Veterans and their eligible family members worldwide. Today, VA operates and maintains 155 national cemeteries in 40 states and Puerto Rico. VA has also funded the establishment, expansion, or improvement of 121 state and tribal Veteran's cemeteries in 49 states and territories (including Guam, Saipan and Puerto Rico) through the Veterans Cemetery Grant Program.

VA provides headstones and markers, niche covers for columbaria, medallions, and Presidential Memorial Certificates to individuals all over the world, whether they are buried in a national cemetery or private cemetery. In 2016, NCA launched Pre-Need Determination of Eligibility to assist Veterans with burial decisions in advance of their time of need. The pre-need option helps families with end-of-life planning, helps Veterans understand their burial benefits, and is consistent with private sector practice. More than 200,000 determinations have been completed to date.

With one national cemetery and seven open State grant-funded cemeteries, 100% of Hawaii's Veterans are served with a burial benefit. Since 1998, Hawaii's State Veteran Cemeteries have received \$47.7M In FY2022, NCA awarded Hawaii a grant of up to \$5,901,475 for the expansion of Hawaii State Veterans Cemetery in Kaneohe.

In addition to burial operations at the National Memorial Cemetery of the Pacific (aka "The Punchbowl"), NCA works closely with our partners at the American Battle Monuments Commission (ABMC) with regard to their existing monument to missing Service members housed within the cemetery and looks forward to future collaborative efforts with ABMC.

Conclusion

VA remains committed to delivering timely, world-class care and services for Veterans in every part of the country. We will continue to ensure that Veteran and employee feedback is central to driving innovation in care and service delivery, and we appreciate this forum as an opportunity to engage with each of you here today as partners in our mission. I look forward to answering any questions you have today. Thank you.