STATEMENT OF THE HONORABLE SLOAN GIBSON
DEPUTY SECRETARY OF VETERANS AFFAIRS
FOR PRESENTATION BEFORE THE
SENATE COMMITTEE ON VETERANS' AFFAIRS
DECEMBER 2, 2015

Good afternoon, Chairman Isakson, Ranking Member Blumenthal, and Members of the Committee. Thank you for the opportunity to discuss the Department of Veterans Affairs' (VA's) proposal to consolidate VA's care in the community programs to improve access to health care. I am accompanied today by Dr. David Shulkin, Under Secretary for Health; Dr. Baligh Yehia, Assistant Deputy Undersecretary for Health for Community Care; and Mr. Joseph Dalpiaz, Network Director, Veterans Integrated Service Network 17.

VA is committed to providing Veterans access to timely, high-quality health care. In today's complex and changing health care environment, where VA is experiencing a steep increase in demand for care, it is essential for VA to partner with providers in communities across the country to meet Veterans' needs. To be effective, these partnerships must be principle-based, streamlined, and easy to navigate for Veterans, community providers, and VA employees. Historically, VA has used numerous programs, each with their own unique set of requirements, to create these critical partnerships with community providers. This resulted in a complex and confusing landscape for Veterans and community providers, as well as VA employees.

Acknowledging these issues, VA is taking action as part of an enterprise-wide transformation called MyVA. MyVA will modernize VA's culture, processes, and capabilities to put the needs, expectations, and interests of Veterans and their families first. Included in this transformation is a plan for the consolidation of community care programs and business processes, consistent with Title IV of the *Surface Transportation and Veterans Health Care Choice Improvement Act of 2015* (also known as the *VA Budget and Choice Improvement Act*) and recommendations set forth in the *Independent Assessment of the Health Care Delivery Systems and Management Processes of the Department of Veterans Affairs* (Independent Assessment Report) that was required by Section 201 of the *Veterans Access, Choice, and Accountability Act of 2014* (*The Choice Act*).

This document provides a plan for how VA could consolidate all purchased care programs into one New Veterans Choice Program (New VCP). The New VCP will include some aspects of the current Veterans Choice Program (Section 101 of PL 113-146, as amended) and incorporate additional elements designed to improve the delivery of community care. The 10 elements of this plan, as set forth in law, are listed to the right. With the New VCP as described in this

VA Budget and Choice Improvement Act Legislative Elements

1. Single Program for Non-Department Care Delivery
2. Patient Eligibility Requirements
3. Authorization
4. Billing and Reimbursement Process
5. Provider Reimbursement Rate
6. Plan to Develop Provider Eligibility Requirements
7. Prompt Payment Compliance
8. Plans to Use Current Non-Department Provider Networks and Infrastructure
9. Medical Records Management
10. Transition Plan

plan, enrolled Veterans will have greater choice and ease of use in access to health care services at VA facilities and in the community.

The New VCP will clarify eligibility requirements, build on existing infrastructure to develop a high-performing network, streamline clinical and administrative processes, and implement a continuum of care coordination services. Clear guidelines, infrastructure, and processes to meet VA's community care needs will improve Veterans' experience and access to health care. VA's future health care delivery network will address gaps in Veterans' access to health care in a simple, streamlined, effective manner and will continue to support VA's missions of research and education.

VA is continuing to examine how the Veterans Choice Program interacts with other VA health programs, including the delivery of direct care. In addition, VA is evaluating how it will adapt to a rapidly changing health care environment and how it will interact with other health providers and insurers. As VA continues to refine its health care delivery model, we look forward to providing more detail on how to convert the principles outlined in this plan into an executable, fiscally-sustainable future state. In addition, we plan to receive and potentially incorporate recommendations from the Commission on Care and other stakeholders.

VA anticipates improving the delivery of community care through incremental improvements as outlined in this plan, building on certain provisions of the Veterans Choice Program. The implementation of these improvements requires balancing care provided at VA facilities and in the community, and addressing increasing health care costs. VA will work with Congress and the Administration to refine the approach described in this plan, with the goal of improving Veteran's health outcomes and experience, as well as maximizing the quality, efficiency, and sustainability of VA's health programs.

The Path Forward

The design of the New VCP (*Legislative Element 1*) is based on feedback from Veterans, Veteran Service Organizations (VSOs), VA employees, Federal stakeholders, and best practices. VA's plan centers on five functional areas. Within each functional area are key points to enable Veterans to receive timely and high-quality health care.

1. **Veterans We Serve (Eligibility) –** This area addresses overlapping community care eligibility requirements, as directed in *Legislative Element 2.* Streamlining and consolidating these requirements will allow Veterans to easily understand their eligibility for community care and access community care faster. VA and community providers will have significantly lower administrative burdens, which have often impeded timely delivery of Veterans' care. This area includes the following possible enhancements:
   - Establish a single set of eligibility criteria for all community care based on geographic access/distance to a VA primary care provider (PCP), wait-time for care, and availability of services at VA.
   - Expand access to emergency treatment and urgent community care.

2. **Access to Community Care (Referral and Authorization) –** This area addresses the complicated process of community care referrals and authorizations, as directed in *Legislative Element 3*. VA will optimize the referral and authorization systems and supporting processes, enabling more rapid exchange of information to support timely delivery of care. This area includes the following possible enhancements:
   - Streamline business rules in referral and authorization to minimize delays in delivering care and eliminate unnecessary administrative burdens.
   - Improve VA visibility into health care utilization in the community.

3. **High-Performing Network –** This area leverages components of existing non-Department networks and identifies new community partners to build a high-performing network, as outlined in *Legislative Element 8*. Addressing issues of provider eligibility requirements and reimbursement rates, as outlined in *Legislative Elements 5 and 6,* will be key to this approach. This area includes the following possible enhancements:
   - Develop a tiered, high-performing provider network to better serve Veterans, consisting of the following categories:
     - **VA Core Network:** Includes existing relationships with high-quality health care assets in the Department of Defense (DoD), Indian Health Service (IHS), Federally Qualified Health Centers (FQHC), Tribal Health Programs (THP), and academic teaching affiliates.
     - **External Network:** Includes commercial community providers and distinguishes Preferred providers based on quality and performance criteria.
   - Move towards value-based payments in alignment with industry trends.
   - Implement productivity standards to better manage supply and demand.
   - Develop dedicated customer support to improve Veteran and community provider experiences.

4. **Care Coordination –** This area focuses on improving medical records management and strengthening existing care coordination capabilities, as directed by *Legislative Element 9*. Improving medical records management will support a high-performing network and enable better decision making through analytics. It will also support more effective care coordination and improved Veteran health care outcomes. This area includes the following possible enhancements:
   - Offer a continuum of care coordination services to Veterans, tailored to their unique needs.
   - Use analytics to improve Veterans' health by guiding them to personalized services and tools (e.g., disease management, case management).
   - Enable community providers to easily exchange health information with VA.
   - Design customer service systems to help resolve inquiries from Veterans and community providers regarding care coordination.

5. **Provider Payment –** This area focuses on improving billing, claims, and reimbursement processes, as well as Prompt Payment Act (PPA) compliance for purchasing care, as directed by *Legislative Elements 4, 5, and 7.* This area includes the following possible enhancements:
    - Implement a claims solution which is able to auto-adjudicate a high percentage of claims, enabling VA to pay community providers promptly and correctly.
    - Move to a standardized regional fee schedule, to the extent practicable, for consistency in reimbursement.

The New VCP will use a system of systems approach to enhance these five functional areas as part of the larger VA health care transformation. This approach stresses the interactive, interdependent, and interoperable nature of external and internal components within VA's health care delivery system. The New VCP includes enhancements to the following systems, which will have a positive impact on VA and the greater Veterans' health ecosystem:

- **Integrated Customer Service Systems** – Provide a reliable, easy-to-use way for Veterans and community providers to get their questions answered, provide feedback, and submit inquiries.
- **Integrated Care Coordination Systems** – Establish a clear process for Veterans to seamlessly transition between VA and community care, supporting positive health outcomes wherever the Veteran chooses to receive care.
- **Integrated Administrative Systems (Eligibility, Referral, Authorizations, and Billing and Reimbursement)** – Simplify eligibility criteria so Veterans can easily determine their options for community care, streamline the referral and authorization process to enable more timely access to community care, and standardize business processes to minimize administrative burden for community providers and VA staff.
- **High-Performing Network Systems** – Enable the development and maintenance of a high-performing provider network to maximize choice, quality, and value for Veteran health care.
- **Integrated Operations Systems (Enterprise Governance, Analytics, and Reporting)** – Define ownership and management of community care at all levels of VA, local and national, and institute standard metrics to drive high performance and accountability across facilities.

The New VCP plan envisions a three-phased approach to implement these changes to support improved health care delivery, as outlined in the Transition Plan (*Legislative Element 10*). This will deliver incremental improvements while planning for a future state consistent with evolving health care best practices. The first phase will include development of the implementation plan and will focus on the development of minimum viable systems and processes that can meet critical Veteran needs without major changes to supporting technology or organizations. Phase II will consist of implementing interfaced systems and community care process changes. Finally, Phase III will include the deployment of integrated systems, maintenance and enhancement of the high-performing network, data-driven processes, and quality improvements.

Executing the New VCP will not be possible without approval of requested legislative changes and requested budget. The primary objectives of the legislative proposal recommendations are to make immediate improvements to community care, establish a single program for community care, and implement necessary business process improvements. The budget section of this plan is divided into three parts: (1) System Redesign and Solutions; (2) Hospital Care and Medical Services, including Dentistry; and (3) Expanded Access to Emergency Treatment and Urgent Care. System Redesign and Solutions include enhancements to the referral and authorization process, care coordination, customer service, and claims processing and payment. These changes are expected to improve the Veteran experience with community care. As a result, this may increase Veterans' reliance on VA community care, leading to increased Hospital Care and Medical Services costs. Expanded Access to Emergency Treatment and Urgent Care is important in providing Veterans with appropriate access to these services, but is severable from other aspects of the Program and could be implemented separately.

The incremental costs of the enabling System Redesign and Solutions for the New VCP are estimated to range between $400 and $800 million annually during the first three years. VA's community care programs (hospital care, medical services, and long-term services and supports) prior to the enactment of *The Choice Act*, cost roughly $7 billion per year. Continuing the Veterans Choice Program, as amended, beyond its current expiration will cost approximately an additional $6.5 billion per year, assuming no changes are made to its current structure (eligibility, referral and authorization, provider reimbursement, etc.). Improvements to the delivery of community care as described in this plan would require additional annual resources between $1.5 and $2.5 billion in the first year and are likely to increase thereafter. The proposed expanded access to emergency treatment and urgent care requires an additional estimated $2 billion annually. Refer to the estimated costs and budgetary requirements (*Section 5*) and legislative proposal recommendations (*Section 6*) for additional information.

The estimated costs reflected in this report represent the funding required to maintain VA's delivery of community care at current levels, as well as incorporating the considerations outlined in this plan. Additional changes or expansion of the program beyond the scope outlined in this report could significantly increase the projected costs.

VA cannot reach the future state alone. Ongoing partnership with Congress will be critical to addressing the budgetary and legislative requirements needed for this important transformation, including outstanding decisions on aspects related to sustainability and cost-sharing. The support and active participation of Congress, Federal partners, VA employees, VSOs, and other stakeholders are necessary to achieve more efficient, effective, and Veteran-centric health care delivery.

Conclusion

Transformation of VA's community care program will address gaps in Veterans' access to health care in a simple, streamlined, and effective manner. This transformation will require a systems approach, taking into account the interdependent nature of external

and internal factors involved in VA's health care system. MyVA will guide overall improvements to VA's culture, processes, and capabilities and the New VCP will serve as a central component of this transformation. The successful implementation of the New VCP will require new legislative authorities and additional resources and will position VA to improve access to care, expand and strengthen relationships with community providers, operate more efficiently, and improve the Veteran experience.

Thank you. We look forward to your questions.

Sloan D. Gibson

Deputy Secretary of Veterans Affairs

Sloan D. Gibson was nominated by President Obama to serve as the Deputy Secretary of Veterans Affairs, and he was confirmed by the Senate on February 11, 2014. Mr. Gibson also served as Acting Secretary of the Department of Veterans Affairs from May 30 to July 30, 2014.

Prior to joining VA, Mr. Gibson served as President and Chief Executive Officer of the United Services Organizations (USO), which has been lifting the spirits of American Servicemembers and their families for more than 73 years. During his five years at the USO, net fundraising grew 90 percent, enabling dramatic growth in programs and facilities supporting our forward-deployed men and women, military families, as well as our wounded, ill, and injured Servicemembers, their families, and the families of the fallen.

Before joining the USO, Mr. Gibson spent more than 20 years in banking in Charlotte, NC; Atlanta, GA; Nashville, TN; and Birmingham, AL. In 2004, he retired from AmSouth Bancorporation, a New York Stock Exchange–traded corporation, where he served as vice chairman and chief financial officer. During his tenure as CFO, AmSouth was added to the S&P 500. Mr. Gibson also has a long history of service and leadership with a variety of nonprofit organizations. In 2002, Mr. Gibson chaired the United Way campaign in Central Alabama, which raised more than $30 million.

Mr. Gibson is the son of an Army Air Corpsman who served as a B-17 tail-gunner during World War II, later earning his commission in the U.S. Air Force. He is also the grandson of a World War I Army Infantryman who was wounded while serving in the 3rd Infantry Division at the Second Battle of the Marne.

A 1975 graduate of the United States Military Academy at West Point, Mr. Gibson earned both Airborne and Ranger qualifications and served as an infantry officer in the U.S. Army. He earned a Masters in Economics from the University of Missouri in Kansas City and a Masters in Public Administration from the John F. Kennedy School of Government at Harvard University.

Deputy Secretary Gibson has been married for 32 years and has two grown children.

David J. Shulkin

Under Secretary for Health

The Honorable Dr. David J. Shulkin is Under Secretary of Health for the United States Department of Veterans Affairs. As the Chief Executive of the Veterans Health Administration, Dr. Shulkin leads the nation's largest integrated health care system with over 1,700 sites of care, serving 8.76 million Veterans each year. The Veterans Health Administration is also the nation's largest provider of graduate medical education and major contributor of medical research. Dr. Shulkin will have oversight over the system that employs over 300,000 people who work in the health system.

Prior to being nominated by President Obama and being confirmed by the United States Senate as Under Secretary of Health, Dr. Shulkin served in numerous chief executive roles including serving as President at Morristown Medical Center, Goryeb Children's Hospital, and Atlantic Rehabilitation Institute, and the Atlantic Health System Accountable Care Organization. Dr. Shulkin also previously served as President and CEO of Beth Israel Medical Center in New York City. Dr. Shulkin has held numerous physician leadership roles including the Chief Medical Officer of the University of Pennsylvania Health System, the Hospital of the University of Pennsylvania, Temple University Hospital, and the Medical College of Pennsylvania Hospital. Dr. Shulkin has also held academic positions including the Chairman of Medicine and Vice Dean at Drexel University School of Medicine. As an entrepreneur, Dr. Shulkin founded and served as the Chairman and CEO of DoctorQuality one of the first consumer orientated sources of information for quality and safety in healthcare.

Dr. Shulkin is a board-certified internist, a fellow of the American College of Physician. He received his medical degree from the Medical College of Pennsylvania, his internship at Yale University School of Medicine, and a residency and Fellowship in General Medicine at the University of Pittsburgh Presbyterian Medical Center. He received advanced training in outcomes research and economics as a Robert Wood Johnson Foundation Clinical Scholar at the University of Pennsylvania.

Over his career Dr. Shulkin has been named as one of the Top 100 Physician Leaders of Hospitals and Health Systems by Becker's Hospital Review and one of the "50 Most Influential Physician Executives in the Country" by Modern Healthcare and Modern Physician. He has also previously been named, "One Hundred Most Influential People in American Healthcare" by Modern Healthcare.

Baligh Yehia

Assistant Deputy Under Secretary for Health/Chief Medical Officer for Community Care

Dr. Baligh Yehia is the Assistant Deputy Under Secretary for Health/Chief Medical Officer for Community Care at the Veterans Health Administration, the nation's largest integrated health care system. He leads VA's efforts to develop and operate a high-performing network of federal, academic, and community providers focused on delivering care to Veterans. He oversees activities related to improving access to community care, developing and enhancing partnerships with non-VA providers, supporting care coordination, and increasing operational effectiveness for purchased care.
A leading expert in HIV medicine, Dr. Yehia has published over 140 articles, abstracts, chapters, and white papers, making important contributions to the understanding of patient engagement in healthcare and individual and environmental factors influencing access to and participation in care.

Dr. Yehia is dedicated to improving the quality of healthcare delivery, and has served in top leadership positions on numerous boards and councils. He is a former member of the American College of Physicians Board of Regents, the American Medical Association Council on Medical Education, and the Maryland State Medical Society Board of Trustees. In addition, he is a past Chair of the American Medical Association Resident and Fellow Section, the nation's largest association of resident and fellow physicians.

Nationally recognized as an emerging leader in healthcare, Dr. Yehia has received the Walter J. McDonald Award for Early Career Physicians from the American College of Physicians, American Medical Association Foundation Leadership Award, Young Investigator Award from the American Society of Microbiology, Robert Austrian Award in Infectious Diseases from the University of Pennsylvania, and the Outstanding Young Alumnus Award from his alma mater.

Dr. Yehia is board certified in internal medicine and infectious diseases. He received his bachelor and medical degrees from the University of Florida, completed internal medicine residency at Johns Hopkins Hospital, and infectious diseases fellowship at the Hospital of the University of Pennsylvania. He also holds a Masters in Public Policy from Princeton University and Masters of Science in Health Policy Research from the University of Pennsylvania. He is an Assistant Professor in Medicine at the University of Pennsylvania, Senior Fellow at the Penn Center for Public Health Initiatives, Senior Fellow at the Leonard Davis Institute of Health Economics, and Fellow of the American College of Physicians.

Joseph Dalpiaz

Network Director, VA Heart of Texas Health Care Network

Joseph Dalpiaz was appointed as the Network Director for VISN 17 on July 14, 2013. He previously served as Director of the Philadelphia VA Medical Center in September 2010 after serving as Director of the VA North Texas Health care System in Dallas, Texas.

Mr. Dalpiaz began his VA career in 1985 as a social worker at the Lebanon VA Medical Center. In 1998, Mr. Dalpiaz became the Associate Medical Center Director at the Clarksburg, WV, VA Medical Center. In December 2000, he moved to VA Black Hills, SD (Fort Meade/Hot Springs), as the Chief Operating Officer (COO) and in October 2001 he became the Director/COO of the VA Black Hills Healthcare System. In 2003, Mr. Dalpiaz became the Director of the Sioux Falls VA Medical Center. He became Director of the North Texas VA Health Care System in May 2007. Mr. Dalpiaz also served as the Acting Network Director in VISN 17 from December 2009 to September 2010.

Mr. Dalpiaz holds undergraduate business degrees from Williamsport Area Community College and Lock Haven State University in Pennsylvania. He earned his master's degree from Temple University in Philadelphia.