STATEMENT

of the

MILITARY OFFICERS ASSOCIATION OF AMERICA

on

"The Future of the VA:

Examining the Commission on Care Report and VA's Response"

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SENATE COMMITTEE on VETERANS' AFFAIRS

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Presented by

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CHAIRMAN ISAKSON, RANKING MEMBER BLUMENTHAL, and Members of the Committee, the Military Officers Association of America (MOAA) is pleased to present its views on the Department of Veterans Affairs (VA) Commission on Care Report under consideration by the Committee today, September 14, 2016.

MOAA does not receive any grants or contracts from the federal government.

EXECUTIVE SUMMARY

On behalf of our 390,000 members, MOAA appreciates the Congress' vision in establishing an independent commission to look at how best to organize and deliver health care in the VA Health Administration (VHA) in the 21st Century.

After reports of secret waiting lists at the VA medical center in Phoenix, Arizona, MOAA urged President Obama to establish an independent commission in order to make immediate and long-range systemic changes necessary to provide the best quality care and support services to our Nation's servicemembers, veterans and their families.

After 10 months of intense deliberations, public meetings, testimony, and extensive inputs from experts across the country, including MOAA, the federally-directed Commission on Care issued its final report on June 30, 2016.

MOAA was particularly grateful for the open and collaborative process commissioners established in order to receive information, feedback and viewpoints from veterans themselves, as well as from veteran and military service organizations representing this constituency.

Overall, MOAA supports most of the Commission's findings, and we are pleased to see many of the report recommendations incorporate the changes Secretary McDonald and veterans service organizations (VSOs) have been advocating for since the implementation of the Veterans Access, Choice and Accountability Act of 2014 (Choice Act).

While much more remains to be done, we appreciate the Commission's sincere effort to strike a balance of sustaining and improving VA health care delivery while enhancing civilian care opportunities.

Along with our VSO partners, we look forward to working with the President, Congress and the VA to translate the Commission's recommendations into effective action.

The following section provides MOAA's views and concerns on selective issues and recommendations for your consideration.

COMMISSION ON CARE REPORT ANALYSIS AND RECOMMENDATIONS

MOAA believes Chairperson Nancy Schlichting's statement on the final report released on July 5, 2016, is an excellent characterization of the current system and provides a compelling reason for why immediate reform is needed.

"The system problems in staffing, information technology, procurement and other core functions threaten the long term viability of VA health care system and that key VA systems do not adequately support the needs of 21st century health care," stated Schlichting, CEO of the Henry Ford Health System. "The Commission found that no single factor can explain the multiple systemic problems that have frustrated VA efforts to provide veterans consistent timely access to care. Governance challenges, failures of leadership, and statutory and funding constraints all have played a role. As the Final Report states, however, 'VHA has begun to make some of the most urgently needed changes outlined in the Independent Assessment Report (Independent Assessment of the Health Care Delivery Systems and Management Processes of the Department of Veterans Affairs Report, published January 1, 2015), and we support this important work."

MOAA supports the following key elements of the report recommendations:

Redesigning the Veterans' Health Care Delivery System

- Establish high-performing, integrated community-based health care networks to be called "VHA Care System (VCS)" to include VA facilities and Department of Defense (DoD) and other federally-funded providers and facilities.
- VCS networks retain existing special-emphasis resources and specialty care expertise (e.g., spinal cord injury, blind rehabilitation, mental health, prosthetics, etc.).
- Community providers must be credentialed by VHA to qualify to participate in community networks, ensuring providers have the appropriate education, training, and experience.
- Highest priority access to health care would be provided to service-connected and low-income veterans.
- Eliminate the current time and distance criteria for community care access (30 days/40 miles).
- VCS should provide overall health care coordination care and provide navigation support for veterans.
- Veterans would choose a primary care/specialty care provider in VCS—specialty care requires referral from the primary care provider.
- VHA should increase efficiency and effectiveness of providers and other health professionals by improved data collection and management, adopting policies to allow them to make full use of their skills.
- Eliminate health disparities by establishing health care equity as a strategic priority.
- Modernize VA's information technology (IT) systems and infrastructure.

While VA alone cannot meet all the health care needs of veterans, the system does provide for a foundational platform upon which to build. The Commission acknowledges the importance of this foundation up front in the report:

> *"VHA has many excellent clinical programs, as well as research and educational programs, that provide a firm foundation on which to build. As the transformation process takes place, VHA must ensure that the current quality of care is not compromised, and that all care is on a trajectory of improvement."*

MOAA believes the new health care system delivery model needs to preserve well-known programs and competencies in VHA's mission areas of clinical, education, research, and national emergency response—all critically important elements and capabilities integrally linked to the broader VA mission as well as the American medical system.

The report does note however, that while care delivered in VHA in many ways is comparable or better in clinical quality to that generally available in the private sector, it is inconsistent from facility to facility because of operational systems and processes, access, and service delivery problems.

Specialty programs and resources are unique and distinctive capabilities which set VHA apart from the private sector in its ability to deliver critical and specialized medical services. This is particularly true in the areas of behavior health care programs, integrated behavioral health and primary care through its patient-aligned care teams, specialized rehabilitation services, spinal cord centers, and services for homeless veterans—core competencies and capabilities which should be expanded, enhanced, and shared across government and private sector health systems.

These unique medical capabilities, combined with other government (DoD and other federal health systems) and private sector partners to create high-performing networks of care, would allow VHA to more effectively assimilate its system of care through integrated community-based health care networks of the VCS. Such change would result not only in greater system optimization, but also better serve our veterans.

MOAA is pleased the Commission recognized VA's primary overall role in coordinating health care and helping veterans navigate the system whether care is delivered in VA medical facilities or through community providers. Though the new system would allow veterans the option to choose a primary care provider (PCP) from all credentialed PCPs across the system, and all PCPs would be responsible for coordinating veterans care, MOAA believes VA must retain ultimate responsibility for veterans' health care and

managing health information and patient outcomes to ensure quality and continuity of care and services.

Like many VSOs, we support the elimination of the current time and distance criteria for community care access (30 days and 40 miles). Implementation of the Choice Act using the current restrictive and arbitrary eligibility criteria has created problems that require a fresh look at what the standards should be in the new VA health system.

MOAA is also supportive of refocusing health care benefits to allow service-connected, disabled and low income veterans' higher priority. Additionally, VHA must eliminate existing health disparities by making health care equity a strategic priority. The report outlined a number of racial and ethnic health inequities in the system. More must be done to institutionalize cultural and military competency and eliminate system disparities as we move forward in the transformation.

Similarly, MOAA agrees with the Commission's approach to allowing health care providers and professionals such as advanced practice registered nurses to work to their full licensure potential. This is already being done in many states and government health agencies, including the Defense Department, and offers a positive solution for addressing VHA's suboptimal productivity levels. MOAA has strongly advocated for such change as a means to help expand current system capacity and capability.

Further, the report highlighted the need for VA to invest in transforming its antiquated, disconnected IT systems and infrastructure to improve veterans' health and well-being. MOAA agrees such an investment in a comprehensive electronic health care information platform is foundational to VA's ability to establish, operate and sustain a health system equal to or better than what is found in the private sector.

This platform must be interoperable with other systems within the network, enabling scheduling, billing, claims, and payment. It should be easy for veterans to access their own information so they can better manage their health. Years of underfunding VA IT and financial management clinical, administrative, and business systems has prevented VA from evolving and innovating to remain relevant and agile as private sector medicine and patient health needs change over time.

Governance, Leadership, and Workforce

MOAA agrees with Commission recommendations to:

- Develop and implement a strategy for cultural transformation.
- Reform and modernize VA's leadership and human capital management systems to recruit, train, retain, and sustain high quality health care professionals and executive-level leaders.
- Create a simple-to-administer alternative personnel system.
- Transform the organizational structure of VHA and reengineer business processes.

Cultural transformation across the VA enterprise is imperative and it starts at the top with effective leadership. VA's last major transformation occurred in the mid-1990's. Former Under Secretary of Veterans Health, Dr. Kenneth Kizer told commissioners, "Today's VHA is intensely, unnecessary complex, and lacks a clear strategic direction, and is hampered by overly top-down management at VA's Central Office (VACO), where the staff size more than doubled in a five year period between fiscal years 2009 to 2014 as a result of centralizing a portion of field operations functions to VACO."

Of all government agencies, VHA has one of the lowest scores in terms of the organizational health and has repeatedly appeared on the Government Accountability Office's (GAO) high-risk list. GAO has documented well over 100 outstanding systemic weaknesses covering a wide-range of management and oversight problems in the VA health care system, including insufficient oversight of employees and leadership.

While the VA has a reputation for having a highly dedicated staff focused on serving veterans, VHA is often perceived by employees as being very bureaucratic, driven by politics and crisis, and having a risk-adverse culture, with little connection to leadership. These findings from the Independent Assessment are persistent and prevalent across the system even though VA has undertaken a number of initiatives in recent years to address the culture of the environment.

MOAA agrees with the Commission's recommendation to create an integrated and sustainable culture of transformation where all programs and activities are aligned, and leaders at all levels of the organization are responsible and accountable for improving organizational health and staff engagement.

Such transformation must also include reforming and modernizing VA's leadership and human capital management systems across the enterprise. Currently VHA lacks a comprehensive system for leadership and employee development and urgently requires

a workforce management and succession planning strategy for attracting, training, retaining, and sustaining high quality health care personnel and executive-level leaders.

MOAA urges the Committee to support improvements to the Department's leadership and human capital management systems by providing the necessary funding and authorities needed to implement the report recommendations. The VA needs the financial incentives and hiring authorities to attract outside leaders and experts who want to serve in VHA, to include temporary and/or direct hiring of health care management graduates, senior government and private sector health system leaders and experts to stabilize the current workforce and to remain competitive in the health care market.

Additionally, VHA must embrace a systems approach to transforming its organizational structure and reengineer business processes to align with the VHA mission, eliminate unclear, duplicative functions, and clarify roles and responsibilities at VACO on down to field offices and medical facilities. VHA needs a more simplified organizational structure, performance measurements, and processes for business operations—the current operating system is unnecessarily complex, confusing and cumbersome.

The Commission proposes one model for streamlining VHA structure to reflect the structure used in large private-sector hospital systems. MOAA believes this should be a priority to eliminate duplication, consolidate program offices, and create a flatter and more sustainable structure.

Eligibility. MOAA agrees with the Commission proposal to establish an expert body to develop recommendations for VA care eligibility and benefit design.

The criteria for determining health care eligibility has not changed in 20 years even though VA's health system has seen tremendous change during this time. Current criteria are outdated and confusing to veterans and VHA staff and are inconsistently administered across the system.

The report also spotlighted "that nothing in law or regulation assures service-connected, disabled veterans of priority of care." The new system must assure priority to these as well as other vulnerable segments of the veteran population.

Major Areas of Concern

MOAA has some concern about Commission proposals to:

- Establish a Governing Board of Directors to provide overall VCS governance, set long-term strategy, and direct and oversee the transformation process.
- Provide a streamlined path to eligibility for health care for those with Other-Than-Honorable (OTH) Discharge who have substantial honorable service.

The Commission recommends an 11-member board which would be accountable to the President, having decision-making authority to establish long-term strategy and implement and oversee the transformation of the new health system.

The Board of Directors would also provide recommendations to the President for appointment of a Chief of VHA Care System (CVCS) for a five-year term (could be reappointed for a second term). The CVCS would report to the Board and function as a chief executive officer of VHA. The idea is to provide longer-term continuity in VHA operations and prevent disruption in leadership that often comes with political transitions.

As with many of our VSO partners, MOAA supports the concept of a longer-term appointment for the Under Secretary of Health to ensure continuity when changes in leadership occur in the Executive and Legislative Branches, but would not be supportive of establishing a Board of Directors. MOAA believes Congress' role of oversight is essential in holding VA accountable in caring for veterans, and Congress must continue to be veterans' strongest advocate. Establishing a Board of Directors would usurp Congress' role, add an additional level of bureaucracy, and in our view, likely slow progress and hinder transformation.

Finally, the Commission recommends VA revise its regulations to provide tentative health care eligibility to former service members with an OTH discharge who are likely to be deemed eligible because of their substantial favorable service or extenuating circumstances (e.g., traumatic brain injury or post-traumatic stress that likely contributed to their OTH discharge).

MOAA understands the Commission's concern about VA's strict interpretation of what is truly dishonorable service and agrees the ambiguous and subjective application of regulations resulted in disparities in adjudicating veterans' cases. MOAA has supported establishment of boards to review and upgrade discharges in such cases where appropriate. VA estimates there are over 700,000 OTH cases, and it would cost

upwards of $846 million to implement the Commission's recommendation, but acknowledges the true size of the population and costs are unknown.

VA also acknowledges the need to streamline the Veterans Benefits Administration's characterization of discharge adjudication process when veterans apply for benefits. The current process is not standardized and is taking far too long for decision-making, preventing veterans from getting the care they need sooner rather than later. While VHA has established partnerships with community organizations to help link non-eligible veterans to care outside the system, more needs to be done to address these disparities. MOAA recommends Congress direct VA to provide more information on the current scope of the problem, potential costs and the impact on VHA of such changes before implementing the Commission's recommendation.

CONCLUSION

MOAA appreciates the Senate and House Committees on Veterans' Affairs unwavering leadership and focus on improving health care for veterans.

MOAA is confident that collectively we can achieve dramatic transformation in VHA which will serve our Nation, veterans and their families for decades to come. While it will take a significant commitment and investment by government and non-government communities, we believe reform is possible and achievable. Our veterans and their families deserve no less.

MOAA thanks the Committee for considering the important findings and recommendations in the report. Our organization looks forward to working with the Congress, the VA and the Administration to reform and modernize the VHA system of care.

Biography of René Campos, CDR, USN (Ret.)

Deputy Director, Government Relations

Commander René Campos rejoined the MOAA staff in February 2015 as the Deputy Director, Government Relations, managing matters related to military and veterans' health care, wounded, ill and injured, and caregivers. She previously helped establish a military family program at MOAA, working on defense and military quality of life programs and policy issues. In September 2007, she joined the MOAA health care team, specializing in Departments of Defense and Veterans Affairs health care systems, as well as advocating for seamless transition programs and women in the military issues.

She began her 30-year career as a photographer's mate, enlisting in 1973 and was later commissioned a naval officer in 1982. Her last assignment was at the Pentagon as the Associate Director, Office of Family Policy in the Office of the Deputy Under Secretary of Defense for Military Personnel and Family Policy.

Commander Campos serves as a member of The Military Coalition (TMC) — a consortium of nationally prominent uniformed services and veterans' organizations, representing approximately 5.5 million current and former members of the seven uniformed services, including their families and survivors, serving on the Health Care; Morale, Welfare & Recreation and Military Construction, and Base Realignment & Closure; Guard and Reserve, and Personnel, Compensation and Commissary Committees, and as Co-Chair of the TMC Veterans Committee.