THE FUTURE OF THE VA:

EXAMINING THE COMMISSION ON CARE REPORT AND VA'S RESPONSE

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WEDNESDAY, SEPTEMBER 14, 2016

United States Senate,

Committee on Veterans' Affairs,

Washington, D.C.

The Committee met, pursuant to notice, at 2:30 p.m., in Room 418, Russell Senate Office Building. Hon. John Hardy "Johnny" Isakson presiding.

Present: Senators Isakson, Moran, Boozman, Heller, Tillis, Sullivan, Blumenthal, Brown, Tester, and Manchin.

OPENING STATEMENT OF CHAIRMAN ISAKSON

Chairman Isakson. I call this meeting of the Veterans Affairs Committee of the United States Senate to order. Secretary and Dr. Shulkin, we are glad to have you here today.

We are going to change our methodology just a little bit. We have two votes, one at 2:45 and one following that vote. We are going to run the hearing continuously. The Ranking Member and I are going to waive opening statements so we can go directly to Secretary McDonald to make his full statement for the record. And then we will go into as much Q&A as we can.

When I have to leave, hopefully there will be somebody

here I can turn it over to so we keep the hearing rolling and go right into the second panel and then later into the third panel. So with your cooperation, we will work with those two votes and make sure we do not have to shut down. And if we do shut down, it is only for a couple of minutes.

So let me just welcome everybody to this meeting of the Senate Veterans' Affairs Committee. We had a great hearing on the innovations taking place at the VA last week, and I think today's hearing will be equally as good because the Commission on Care was a great project that examined the Veterans Administration, its delivery system for our veterans. And I think it had a lot of recommendations in it that are very meritorious, a lot of thought-provoking recommendations.

And I appreciate the embrace that Secretary McDonald has given to ideas from others that have come in. And we have talked a little bit about them, so I know he is going to have a great testimony for us here today. So let me welcome the Secretary of the VA, Robert McDonald, to make his testimony, and we will go from there, and welcome Dr. Shulkin to be here for his testimony as well.

STATEMENT OF THE HONORABLE ROBERT A. MCDONALD,
SECRETARY, DEPARTMENT OF VETERANS AFFAIRS;
ACCOMPANIED BY THE HONORABLE DAVID J. SHULKIN,
M.D., UNDER SECRETARY FOR HEALTH

Secretary McDonald. Thank you, Mr. Chairman.

Chairman Isakson, Ranking Member Blumenthal, Members of the Committee, thank you for this time to talk about VA's ongoing transformation and the Commission on Care's final report. I wish the House had allowed me the same opportunity last week, but neither I nor the veterans service organizations were invited to testify in person.

I ask that my written statement be submitted for the record.

Chairman Isakson. Without objection.

Secretary McDonald. Thank you, sir.

First let me thank Ms. Schlichting for chairing the Commission. I know it was not easy, but Nancy did an outstanding job in keeping things together.

Overall, I see the Commission's report as validation of the course we have been on for the past few years. There is hardly anything in the report that we have not already thought of or are not already doing as part of our ongoing MyVA transformation efforts.

We differ on some details, but we wholeheartedly agree with the intent of almost all the Commission's

recommendations--15 out of 18. We certainly agree on how wrong it would be to privatize VA health care. Privatization would be a boon for some health care corporations, but as seven leading VSOs told the Commission in April, it could threaten the financial and clinical viability of some VA medical programs and facilities, which would fall particularly hard on the millions of veterans who rely on VA for almost--for all or almost all of their care.

There are many things that VA offers that nobody else offers. We have a unique lifetime relationship with our 9 million patients. Nobody else offers that. Our mental health care is integrated with our primary care and specialty care. Nobody else offers that.

VA health care is whole-veteran health care, customized to meet veterans' unique needs, including care for many nonmedical determinants of health and well-being, like education services, career transition support, housing assistance, disability compensation, and many others. Nobody offers that.

Our research innovations made VA a leader in many areas such as prosthetics, spinal cord injury, traumatic brain injury, post-traumatic stress disorder, polytrauma, and telehealth. Nobody else offers that.

If we send all veterans in the community to find care, they would all lose the choice of integrated, comprehensive

care tailored for veterans by people who know veterans and are dedicated to serving them. That is what VA is to veterans, and that is why you do not find veterans demanding Community Care as the only choice. The demand for that only choice comes from elsewhere. It does not come from veterans. Veterans know better.

And I have tested this during my time as Secretary. When somebody tells me that veterans should only have the choice of the Choice program, I ask them, are you a veteran? And, by and large, the answer is no. And then I ask, have you talked to veterans about this, and I get the same answer. And then I probe a little bit more and I found out that beneath the banner of choice are always two things: interest and ideology.

So let's face it. Privatization would put more money into the pockets of people running health care corporations. It is in their interest, so of course it makes sense to them, even if it is not what veterans want or need.

Then there is the ideologues. They only deal with the issue in the simplest, laziest theoretical terms: Government bad, private sector good. That is as far as the thinking goes. Thankfully, most members of the Commission were more understanding.

On one point I strongly disagree with the Commission, and that is the idea of an independent board of directors

for the Veterans Health Administration. I probably do not need to say much about that since the Constitution probably will not allow it, but I will say that a VHA governance board does not make any sense to me, as a business executive. It would only make matters worse by complicating the bureaucracy at the top and spreading the responsibility for VHA so that no one knows who is ultimately responsible.

The fact is, we already have a governance board. Congress is our governance board. And if Congress works the way it should, nobody would be talking about adding another layer of bureaucracy to VA.

VA is not the holdup on increasing access. We are doing that. We have been doing that for more than two years now. VA is not the holdup on expanding Community Care. We are doing that, too. We submitted a plan to streamline and consolidate our Community Care programs last October, almost a year ago. What has happened to it?

VA is not the holdup on hiring more medical professionals or getting rid of real estate that costs us much more each year than it is worth, or adding more points of care where they are needed. We currently have eight major medical construction projects and 24 major medical leases needing authorization. They are already funded, but we still need a green light from Congress to move forward.

We are not even the holdup on holding people

accountable for wrongdoing. Ask the former VA employee in Augusta, Georgia, recently convicted of falsifying health care records. He is facing sentencing that could include years in prison and thousands of dollars of fines. All told, we have terminated over 3,755 employees in the past two years. We have made sustainable accountability part of our ongoing leadership training.

The Veterans First Act would help us hold people accountable, and we look forward to seeing it brought to the Senator floor for passage. The Senate Appropriations Committee has also approved a budget nearly equal to the President's request, but again, we need to see some follow-through.

The holdup in our very real and ongoing MyVA transformation is our need for congressional action. We have submitted over a hundred proposals for legislative changes that we put in the President's 2017 budget. No results yet.

I detailed our most urgent needs in my August 30th letter to the Committee. They include: approving the President's 2017 budget request to keep up with rising costs and medical innovation; extending authorities to maintain services like transportation to VA facilities in rural areas and vocational rehabilitation; fixing provider agreements to keep long-term care facilities from turning veterans out to

avoid the hassle of current requirements; and ending the arbitrary rule that will not let VA's dedicated, conscientious medical professionals care for veterans for more than 80 hours in any federal pay period.

We also need you to act on modernizing our archaic claims appeals process. Under the current law, with no significant changes in resources, the number of veterans awaiting a decision will nearly triple in the next 10 years from 500,000 today to almost 1.3 million. We submitted a plan to reform the appeals process in June. We developed a plan, with the help of the VSOs, state and county veterans officials, and other veterans advocates. They are all onboard. We just need Congress to get on board.

I am only after what is best for veterans. As you know, I am not running for office. I am not angling for a promotion. I could have taken an easier job two years ago but I did not. I answered the call of duty, thinking only of giving veterans the benefit of what I learned at West Point, in the Army, and 33 years in the private sector running one of the most admired companies in the world, and I have tried to do that.

Now, two years into the transformation process, my only concern is to see it continue. I know Nancy will tell you transformation is a marathon, not a sprint. It will take several years to turn any large organization around. And to

turn VA around, we must maintain our momentum of change, and we cannot do that without cooperation of Congress and passage of some of the legislation we talked about. That is an absolute certainty.

The Commission, the VSOs, and VA are all in agreement on this: Congress must act or veterans will suffer. That is unacceptable to me and I know it that is unacceptable to you. So what can we do to break this impasse and get things moving? Whatever it takes, I will do it. Just let me know what it is.

Thank you, Mr. Chairman.

[The prepared statement of Secretary McDonald follows:]

Chairman Isakson. Well, thank you very much, Mr. Secretary. We appreciate your testimony.

Dr. Shulkin, were you going to testify--

Dr. Shulkin. Yes, sir.

Chairman Isakson. --or are you here for moral support and hard questions?

[Laughter.]

Dr. Shulkin. Hard questions, Mr. Chairman.

Chairman Isakson. Well, I have one question. Then I want to get to the Members of the Committee.

For the Members that just arrived, we are going to go continuously through the votes. I am going to wait until the very last minute to go over and vote on vote one and come back after immediately voting on vote two. So, hopefully, between the votes going back and forth we will be able to keep everything rolling throughout the hearing. And we have got three great panels, headed off by Secretary McDonald, whom we appreciate for being here.

Secretary McDonald, if you would look at Recommendation Number 1, which I know you have read and you referred to in your testimony, have you got any idea what you would estimate the cost of implementing Recommendation Number 1 from the Commission on Care?

Secretary McDonald. Recommendation 1 is about establishing an integrated, high-performing, community-based

health care network. In our plan, in October--I cannot remember the exact number; I am sure David will remember it, but we had different levels of cost, depending upon what we decide to take on. We are already in the process of establishing that network.

David, do you want to kind of--

Dr. Shulkin. Yep.

Yeah, the Secretary is referring to the plan that we submitted at the end of October 2015, where we currently spend, right now, about $13.5 billion a year on Community Care. That is the combination of Choice and Community Care funds.

In order to do the changes that we suggested, we suggested that we would need $17 billion a year, because we wanted to fix the emergency medicine provision that so many veterans get stuck in the hole. And we need the investment in infrastructure to do care coordination in an integrated fashion. So we think that that is the best use of money for taxpayers, that it is a good--it is actually an efficient plan. The Commission on Care's plan was far more expensive than that.

Chairman Isakson. And I think it contemplated putting together a network--the VA being a part of a total network with the private sector as well. Is that not correct?

Secretary McDonald. Yes, sir, that is correct.

Chairman Isakson. And I think it probably contemplated also doing that within the contractors we have to date for the two gatekeepers for Choice, but just to issue a single seamless card. Is that correct?

Secretary McDonald. Yes, sir, we would integrate the network. And it would also include Department of Defense partners, Indian Health Service, and the other federal partners that we have.

Chairman Isakson. And this is not a setup but just would like to hear your answer: Is it not true that in the Veterans First bill that this Committee passed out unanimously--that by the provisions in there for provider agreements, we are expanding the opportunity to VA to make that happen and make that possible?

Secretary McDonald. Yes, sir.

Chairman Isakson. That was the right answer. I just wanted to make sure we did that.

[Laughter.]

Secretary McDonald. I said in my prepared remarks that we would like Veterans First to get to the floor and we are happy to help in any way we can to help you get it there.

Chairman Isakson. We appreciate your continuous support on that.

And my last question--

Secretary McDonald. We appreciate the Committee's

leadership in putting it together.

Chairman Isakson. My last question is really a comment. They have recommendations on IT, working on the IT system in the VA. I am still very interested in hearing how much progress you have made on interoperability of--and the program at Georgia Tech, which I think you all are under contract with Georgia Tech.

Secretary McDonald. Yes, that is true.

Chairman Isakson. I understand there has been a recent breakthrough that has helped on that.

Secretary McDonald. Yes.

Chairman Isakson. Can I get a comment on that, Dr. Shulkin?

Dr. Shulkin. Yeah. Yeah, I would be glad to.

First of all, just as you mentioned, Mr. Chairman, in April of this year we did certify interoperability with the Department of Defense, but under LaVerne Council's leadership we have created a concept of what is called the Digital Health Platform. And this is really taking where the industry is to a new level. It is going to increase our ability to do interoperability with community partners, which is one of the recommendations of the Commission on Care.

And so, what you are referring to is Georgia Tech has really a fantastic technology center. We have developed a

conceptual prototype for this, that I think we are looking forward to sharing with members of this Committee, that we think is really a path forward to take us to a new level.

Chairman Isakson. Good. We appreciate the progress that you are making.

Senator Blumenthal?

Senator Blumenthal. Thanks, Mr. Chairman.

Secretary McDonald, I think in your letter to the President, dated August 6th--or August 2nd, I am sorry, 2016--you indicated that you had concerns about the cost estimates that the Commission put together to reflect various options on the VHA care system model, which ranged, I think, as low as $65 billion to $106 billion in fiscal year 2019, depending on enrollment, network management, and other factors.

I want to say I appreciate that the Commission really devoted itself to seeking to improve the VA health care system, and I certainly appreciate its recommendations, but I wonder if you could explain the VA's concern with those Commission estimates.

Secretary McDonald. This is the nub of the issue with in terms of the difference between the Commission report and our point of view on the network. And I am sure Nancy will comment more on it later.

But the question is, is how much unfettered access to

the private sector do you allow the individual veteran, and who takes responsibility for integrating their health care? We believe that, as the VA, we need to take that responsibility, that when a veteran goes out to the private sector, we still have to own the responsibility for that health care--and the integrator tends to be the primary care doctor--and that if we do not do that, that it results in not very good care and also dysfunctional care because it is not integrated.

It also results in higher-cost care because those doctors that they may go to, first of all, may not be qualified by us as being capable--being high-quality enough to be in that network, and, secondly, may not follow the standards of cost that are necessary to be part of that network.

Senator Blumenthal. Do you want to comment?

Dr. Shulkin. Well, I think the Secretary has said it very correctly, Senator, which is we really have differences here with the Commission on Care report on two counts.

One is the quality of care, we believe, is going to be better with VA maintaining the care coordination and the integration role. We believe that we understand the needs of veterans best. And we do support and we embrace working with the private sector. That is absolutely correct. But we believe the VA needs to be the care coordinator.

But on the cost side, this would be, in my view, irresponsible just to turn people out with no deductibles, no cost-control mechanisms. This would be returning us to the late '80s, early '90s, where there was just runaway costs. And so we think the very best thing for veterans and the very best thing for the taxpayers is to do this carefully in an integrated network, the way that we proposed in October of 2015.

Senator Blumenthal. Speaking of costs, the Commission on Care report found that 98 percent of all clinical supplies were acquired using purchase cards, and that 75 percent of what the VHA spends on clinical supplies is made through this purchase mechanism. Only 38 percent of supply orders were made through standing vendor contracts, which presumably would be more effective and efficient. And I have been told as well that this same issue may arise with respect to medical devices and perhaps other kinds of supplies.

That is in stark contrast, as you probably know, to the private sector benchmark of 80 to 90 percent of supply purchases from already existing master contracts with negotiated price discounts, which the VA can do, unlike Medicare--and we are pushing for Medicare to have the same options of negotiation. What is preventing the VHA from using those kinds of master contracts?

Secretary McDonald. Nothing. In fact, if you recall the hearing we had on the 12 breakthrough priorities, which you all kindly had here in the Senate--we did not get the same hearing in the House--one of those 12 breakthrough priorities is to set up a consolidated supply chain. Right now, every one of our medical centers has its own supply chain, which, as you have suggested, is nonsensical.

What we can do--what we have seen from our consolidated mail-order pharmacy, where we do have a consolidated supply chain, is our cost advantage is tremendous because of the scale that we have. And also, our customer service is fantastic. We have been rated number one pharmacy in the country for six consecutive years by JD Power because of that scale advantage.

So what we are in the process of doing is building a consolidated supply chain for all of our medical centers. So far we have avoided about $35 million of cost. Our commitment to you was to avoid $75 million of cost by December. I think we will beat that.

Senator Blumenthal. Thank you.

Thanks, Mr. Chairman.

Chairman Isakson. As a courtesy to everybody in the audience and the Members of the Committee, we are going to take a little bit of a different order in terms of questions and testimony, because--to pay Senator Brown back for doing

me a great courtesy by being here on time, given he has got a tough schedule, I am going to let him do the next question, followed by Senator Boozman, followed by Senator Manchin. And then we will take everybody else as they arrive when they come. And we will keep the hearing moving as fast as we can.

Senator Brown. Thank you, Mr. Chairman.

Chairman Isakson. Senator Boozman is being gracious to let me do that.

Senator Brown. Thank you, Senator Boozman, and the work that we have done together on all kinds of issues. Thank you. And I will ask two brief questions.

Secretary McDonald, first to you, you correctly note in your testimony that implementation of Veterans Choice went through some initial growing pains, as we all expected. Your meetings with veterans and providers and health experts and others, lay out briefly the challenges and opportunities that you see for Veterans Choice, where we are going.

Secretary McDonald. Well, Veterans Choice, you know, we have made tremendous progress. When you recognize we set up a program in 90 days that affected roughly--and sent out cards to 9 million veterans, we have made tremendous progress. But we have also made changes along the way. Since the original bill, we have now changed the way we define distance, the 40-mile limit. We have changed it from

geodesic distance to driving distance. That virtually doubled the number of veterans of being able to avail of Veterans Choice.

We also have made efforts--originally the program was designed where we would simply give a phone number to a veteran and say, go call your third-party administrator. My belief, and I know David's, is you cannot outsource your customer service. So we are pulling that responsibility back in, the integration coordination responsibility, and we are now taking responsibility for customer service. And we have taken third-party administrator employees and put them into our--into our buildings as a test in order to make that easier for the veteran.

Where are we headed? About 22 percent of our appointments every day now are in the community. There are about a million veterans that rely on the Choice program. There are about 5,000 veterans that only use the Choice program, which is really a strikingly low number, but it demonstrates that most veterans really want the hybrid. Even if they have the Choice program, they want the hybrid of--

Senator Brown. And they really want to know they have the choice. And they are generally mostly satisfied with Cincinnati VA or Dayton VA or Cleveland, but they want to know they have that choice, and I think that is so

important.

Secretary McDonald. Thank you.

Senator Brown. Dr. Shulkin, quickly, are there bureaucratic or legislative hurdles that impede VHA from routinely updating individual facilities' IT infrastructure that is providing VA medical staff and veterans the best care possible? Talk that through with us, if you would, for a moment.

Dr. Shulkin. Yeah, I do think that if you ask most of our field hospital directors, they would say that there are challenges. And I think we have seen a really strong direction towards being more responsive to the hospital leaders. Under LaVerne Council's leadership, she has established account executives who now work with VHA, and we are working together to break down some of those barriers.

But just as the Secretary said, and as Nancy has said in her hearing last week, this does take time because we are breaking down years and years of barriers, but I think we are headed in the right direction.

Senator Brown. Thank you.

Thank you, Mr. Chairman.

Chairman Isakson. Thank you, Senator Brown.

Senator Boozman.

Senator Boozman. Thank you, Mr. Chairman. And thank you all for being here. We really do appreciate your hard

work.

The Choice program has over a million people participating in it, which I think is a good thing.

Secretary McDonald. We do, too.

Senator Boozman. You do not list that as a legislative priority as far as reauthorization. Is it a priority or is it not a priority, or am I--have I misunderstood?

Secretary McDonald. We look at reauthorization as part of our program to consolidate care. So we believe we did request reauthorization in that October 2015 package that we submitted on the consolidation of care.

Senator Boozman. Good. Well, that is good.

Secretary McDonald. So we do want reauthorization.

Dr. Shulkin. I would just add--I am sure this is why you are asking, Senator--the program ends August 7th of 2017. Without reauthorization, we are going to see us actually go backwards because we have now reached 5 million Choice appointments. That is fantastic and this program should be congratulated.

Senator Boozman. Right.

Dr. Shulkin. And we are just getting it to work. And if we could get Veterans First passed through, it is going to work even a lot better. So reauthorization is absolutely a priority for us.

Secretary McDonald. Sorry to take more time on this.

Senator Boozman. No, no, go ahead.

Secretary McDonald. Sorry, if you do not mind, but--

Senator Boozman. It is important.

Secretary McDonald. August 7th is an important date, but if a woman is pregnant, you know, we really need to know nine months in advance--

Senator Boozman. Right.

Secretary McDonald. --of August 7th whether or not--how we are going to care for her. So, the sooner the better.

Senator Boozman. Right. And I guess that was my follow up. And it is good to know, you know, that you have cleared that up and that it is important, and truly have done a great job, but it has been, you know, a momentous task.

Do you have any contingency plans, you know, in regard to August of 2017, if the reauthorization--and then also, I think you can really help us at this hearing and in future hearings by helping Members understand--not on this Committee but throughout Congress--how important it is to get the reauthorization done.

Secretary McDonald. Yeah. We are in the midst right now of renewing our strategies for 2017. Most of our leaders are at the National Training Center right now. And one of the things we have brought up is the importance of

communicating that August 7th date, but also the nine months in advance of that. So I do think that is critically important.

Dr. Shulkin. Just to quantify this, we spend about $13 billion a year in the community. As the Secretary said, 22 percent of our care goes out in the community; $4 billion of that is the Choice program. So we would have to reduce access to care by about a third in the community, and that would hurt veterans.

Our contingency plan--we are here to help veterans with the resources that you provide us. So we are going to continue that mission, and we will do the very best job possible, but there is no substitute for what you have provided in the Choice program.

Senator Boozman. Good.

Thank you, Mr. Chairman. I do think that that is something that we really need to work on, is to make it clear how important that reauthorization is going to be.

Chairman Isakson. That was a terrific question and I appreciate the answer. And it gives us our homework to do before that August date next year.

We are going to stand in recess for a moment. Senator Moran is on his way and will continue the hearing. And then Senator Boozman and I will be back as quick as we can go cast our two votes. So we will stand in recess until

Senator Moran gets here.

Thank you, Mr. Secretary.

[Recess.]

Senator Moran. [Presiding.] The Committee will come back to order. And I appreciate the courtesy extended to me by the Chairman to be here in between votes.

And, Mr. Secretary, it is a pleasure that you are here with us as well. I have a specific set of circumstances that I have addressed to you in a letter and want to follow up in this setting today. And I have no doubt but what you and other officials at the VA are sympathetic and concerned and want to resolve the circumstances we find ourselves in with a particular employee at a particular VA hospital in our state.

We have the circumstance--just to set the background for my questions, we face one of the worst examples, in my view, of lack of accountability at the VA with the case of a physician assistant who abused Kansas veterans at the Leavenworth VA hospital and potentially other veterans at other facilities within our state.

He has been criminally charged with multiple counts of sexual assault and abuse on numerous veterans who sought his care and his counsel. He had a criminal record, admitted on his application for state licensure when he was hired. The VA hired him anyway. And clearly he should never have been

hired and should have never been retained as an employee of the VA.

He is a physician assistant. An explanation that I received is that physician assistants are not considered significant risks, or they are a lower risk than other health care professionals at the VA, and so the vetting that should take place did not. And what he did in his capacity as a physician assistant is to target veterans who were suffering from post-traumatic stress syndrome. And he used his position at the VA to add to the wounds of war of those who served our country instead of healing them. There are a number of witnesses. Many of them wish to remain anonymous. Criminal, as I said, proceedings have been filed.

And just to give you a flavor, we had--there are two Army veteran brothers who were patients of this individual who felt they had no choice but to go back to this physician assistant for their care and treatment. And the quote was, "The fear of losing what I earned versus the fear of being sexually assaulted again, I do not know which one was more important." What an amazing statement for a veteran to reach a conclusion: I do not know whether to go back because I might not get the care I need if I do not.

A victim who asked to remain anonymous in an interview in July of '14, when these charges were filed, said this: "It certainly violates veterans' trust. We are dealing with

a number of issues, and to have to come back to the agency tasked with caring for our nation's veterans is now adding further wounds to the nation's veterans."

Mr. Secretary, I want to focus in on two aspects of this. And again, I know that your staff has reached out to mine, I assume in response to a letter that I wrote you a few days ago, a few weeks ago. But I want to--this goes to accountability, something that you and I have had a conversation about for a very long time. I want to go to how does somebody get hired with this background? And perhaps even more importantly, it is troublesome to me that this individual was never fired. After the Inspector General's report, he voluntarily left the VA.

And one of the conversations that we have had for a long time is about the ability to fire people at the VA. And of all the circumstances I can think of, I cannot figure out why this would not be one in which a person was fired, as compared to voluntarily retiring, which I assume, among other things, I mean, has a different connotation, a different aura to being fired versus retiring, but I assume it also has different consequences in regard to benefits and this individual's future.

So if we could--you had VA officials, leadership here in front of our Committee last week. I got what you would expect for me to hear from them. And I am not discounting

what they said, but they want a zero tolerance. The VA is committed to a zero tolerance of assault--sexual assault on veterans or staff, others at the VA. And so I know that is the case. We want a zero tolerance. But we have specific instances here in which the hiring process was faulty and the discharge process really did not take place.

Mr. Secretary?

Secretary McDonald. Senator, first of all, any accusation of sexual assault, sexual molestation is unacceptable.

As soon as I heard about this, I went to Leavenworth. I was there. I dug through the data. And I have different data than you have, so we need to get together and compare our data, because what I understand from my visit and the documents I reviewed is when this individual--when there was an accusation of this individual's potential of having done this, we immediately removed him from caring for patients. We immediately started the procedure to do an investigation and to fire him. He resigned.

And we went back and we looked at our hiring process. And what I was told at the time--and, again, you have got different data, so I have got to find out why I did not see the data you may have or where you got your data--there was nothing in his file that suggested that this was a risk, that this occurred.

So, obviously you have got different data than I have, because this is not something we would tolerate. And, obviously, if this showed up in a person's hiring process, we would not hire them.

Maybe David--do you have different data than I have?

Dr. Shulkin. No, I think I have the same information you have, Mr. Secretary.

Senator Moran. Secretary McDonald and Dr. Shulkin, you know, our information comes from the Inspector General--the VA Inspector General, a significant number of press accounts, I suppose, as well.

A criminal proceeding is now pending in the District Court of Leavenworth County, Kansas. But I have seen the application for his licensure in the state of Kansas and he voluntarily indicated on the form that he has a criminal history, which unfortunately the licensure folks did not pick up on either, but that--I assume that was reviewed when this individual, Mr. Wisner, was hired by the VA.

In addition to that, would you tell--are you telling me that when someone resigns you lose your ability to fire them? So, are you telling me that he beat you to the punch?

Secretary McDonald. If somebody resigns, they are no longer an employee. That is true in the private sector or the public sector. If someone resigns, they have resigned. Now, obviously you have judicial options, which is what is

occurring right now with this individual.

Senator Moran. Well, I think, without--I have no doubt but what the facts as I described them are accurate. And we would continue to ask you to use this as a learning experience, not only help prosecute so that we can send a message to veterans about how careful we are, but again, it, in my view, goes back to hiring practices and discharge procedure.

And, again, I would ask you to respond to my letter in writing so that we can see your response, and then we can have a conversation again.

[The information follows:]

/ COMMITTEE INSERT

Secretary McDonald. We will certainly respond to your letter in writing. And, obviously, we are a learning organization. We do want to learn from mistakes. We want to learn from what is going right. You had the Best Practices Diffusion hearing this week. So we will get back to you.

But, again, I want to be careful not to use media reports as proof of accusation. So let's let the judicial process play out. We will share with you what we know and we would appreciate seeing the documents that you have.

Senator Moran. My information--I met with Inspector General Missal. We have had conversations, extensive, about this topic. And I can assure you that what I am reporting is not anything but what I was told in that setting.

Secretary McDonald. I have not met with Mike on this, so I will--

Senator Moran. And I would ask you if you would ask the VA professionals, the leadership in Kansas, both Leavenworth and the VISN--would you instruct them to have a dialogue with me and fully lay out the scenario as they see it to me?

Secretary McDonald. Absolutely. I mean, that is their responsibility. We ask each one of our medical center directors to work with their members of Congress.

Senator Moran. I thank you, Mr. Secretary.

Secretary McDonald. Thank you, sir.

Senator Moran. The senator from Montana.

Senator Tester. Thank you, Mr. Chairman. And I want to thank both the Secretary and Sloan for being here today.

And this Committee has placed a priority on VA accountability, as I know you have. And when we hear stories like Senator Moran just put forth, I know the hair on the back of my neck raises, as it does on yours. And once we get to the facts, I think it is important that the driftwood goes, quite frankly. And that is probably complimentary to that person.

It is really important to acknowledge, though, that there are millions of veterans in this country who rely on the VA and Congress needs to be held accountable too. You submit budgets, you submit legislative priorities that allow you to do your job: serve the veterans. It is our responsibilities as Members of this Committee and the Members of the U.S. Senate--and the same thing on the House side--to carefully consider those requests and to deal with them as an elected representative, is to do what is best for the veterans of this country.

When that does not happen, it impairs you work and, quite frankly, it hurts the folks who are sitting here in the audience who are veterans. And before you know it, the entire VA system is called into question.

And, Mr. Secretary, you are the front of the attack, when, in fact, we share more than our share of the responsibility. Do you believe that accountability is a two-way street?

Secretary McDonald. I certainly do. I provided, today, one of the most hard-hitting, I think, opening statements I could, saying that we are in the process of transforming the VA. We are seeing effective results. But if we are to continue this, we simply have to get a budget and we have to get the legislation that we have been asking for, for, you know, years.

Senator Tester. Yeah. We passed the Veterans First Act out of the Committee unanimously 125 days ago. We have yet to deal with it on the floor. And it sounds to me like we are going to be leaving town next week, which is crazy--I will just tell you, crazy--that this is something we can get to the floor within two days. I would bet we get a unanimous vote out of the United States Senate on this bill. But we are where we are.

I talk to veterans all the time. I know you talk to even more of them. Some of them love the VA, some of them not so much. Would you agree that we have some work to do to get the faith and trust back of many of our veterans out there?

Secretary McDonald. We do. In fact, we measure it.

In fact, I just got the measure this morning. One of the things we measure--and this is very common in hospitals or people who provide customer service, or veteran services--we measure the effectiveness of the experience, the ease of getting the experience, and the emotion of having it.

And I have a chart here that shows that we have made progress. Obviously these are lower numbers than we would like, but we have gone from 47 percent trust in December of 2015 to 59 percent in the April-through-June quarter. We are measuring this every quarter. I am not happy. Nobody is happy with 59 percent.

Senator Tester. Right.

Secretary McDonald. But that shows that at least we are making some progress. We have a lot more to make.

Senator Tester. In terms of greatest concerns identified by the Commission, things like leadership vacancies, staff shortages, a culture of risk aversion, really what are some of the ways that the VA can improve those issue areas?

Secretary McDonald. Of our five transformation strategies, the second strategy of improving the employee experience--training employees, giving them the tools they need--right now we have our top leaders offsite in our national training facility, where we are training them. We are training them in tools like human-centered design. We

are training them in leadership. We are moving to one consolidated leadership model across the enterprise, which is what great organizations do. We are training them in Lean Six Sigma.

So we are providing them the training they need. Then we give them training packets that they take back to their locations and they train their subordinates, and we cascade that training through the organization. That is how you change a culture, and that is what we are in the midst of right now.

Senator Tester. Okay. So, as you well know, we have talked about staff shortages, we have talked about leadership vacancies. In fact, right now Montana has a temporary director--we do not call her temporary, we call her something else, acting--that is it, acting--VA Montana director, who, by the way, I like very much. I think she is doing a marvelous job.

But when I had a conversation with her--oh, it has been two or three weeks ago, and she holds people accountable very well--one of the things she talked about was that if we are going to get good people into the VA, due process has to be upheld. And this is a management person that understands that if people look at the VA and say, I have got no due process rights, somebody can make any accusation at me they want and I can be gone without any argument--that does not

help us fill those not only the leadership positions but also the staffing positions, whether it is a nurse, a doc, administrative personnel, appeals person, whatever it is.

Could you talk a little bit about--when we talk about accountability--because I am telling you--you come from the private sector. You understand that if you have got deadwood on your staff, it costs you twice as much money as you are paying for them. Can you talk about how we hit that sweet spot so that people who want to work for the VA, because it is a pretty good outfit--

Secretary McDonald. Right.

Senator Tester. --but yet understand that if something--if they make a call--if they go against that culture of risk aversion and make a call, somebody has got their back.

Secretary McDonald. We are training the organization in what we call values-based leadership rather than rule-based leadership, and we are trying to inspire them. And I think we are being somewhat successful, given the quality of the people we are getting on board.

I have changed 14 of my 17 leaders. So in two years, 14 of 17 of the top leaders have changed, and I think we have brought in better-quality people. But part of this--and I have done a lot of the recruiting myself. As you know, you and I went to the University of Montana

recruiting, and I have been to over two dozen medical schools recruiting, but our applications are down about 78 percent versus what they were before.

So the kind of environment and context you are talking about does have a real impact on the quality of the people we get. But--go ahead.

Senator Tester. Well, I mean, I think that is important to note because, like I said, the issue that Senator Moran brought up is totally unacceptable. I mean, if that is the way it is, it is totally unacceptable.

On the same token, I do know from past life experiences that when you have got somebody out there that is trying to make the right call and somebody can accuse them of something and they do not have any rights, it just goes counter to the whole accountability issue.

Secretary McDonald. So in my opening statement, Senator Tester, I mentioned that we have terminated 3,755 people in the last two years. I also said 14 of my 17 direct reports are new.

In my opinion, the only issues we had around accountability have been the accountability of getting the legislation that we need, which you mentioned, but also the interactions we have had with the Merit Systems Protection Board, which, frankly, we have all agreed that Veterans First would fix.

So the answer here--I think we already have the answer in front of us. It is, how do we get Veterans First on the floor and passed, because we have all agreed that that is a potential solution.

Senator Tester. Thank you, Mr. Secretary.

I think, Mr. Chairman, I appreciate your leadership on this Committee a lot, as you know that. I have told you that, and I have told you that publicly. You are a class guy. But, damn, we have got to get the Veterans First Act passed. We just do.

Chairman Isakson. [Presiding.] Since we are talking about that subject--and I want to go back to Senator Moran for a follow up in just a second, but let me just comment on that.

For everybody's knowledge and edification in the room, this Committee did outstanding work for over a year-and-a-half on a Veterans First bill that is comprehensive in its nature and, I think, complete in its nature.

Two questions have been asked today. One is about what happens with Choice after August of next year. And the other question is how you deal with the Merit Systems Protection Board and accountability in the VA. There are those people in the news media, and some in my party and other places, that have criticized our bill for not being strong enough on the Merit Systems Protection Board and not

making Choice permanent.

First of all, we deal with the leadership of the VA in terms of the ability to hire and fire and take them out from under the Merit Systems Protection Board, which is the right thing to do, number one. Number two is the accountability. Because you have that accountability, it will flow from the bottom up because the top is being held accountable. And we have been able to get the buy-in necessary to do that.

All of us what to make sure that Choice endures and Choice becomes permanent, and none of us want it to run out of funds and go out of business next August, but not passing the Veterans First bill today, which provides for provider agreements in the states with the VA, would be a serious mistake.

People are saying they do not want to do that--some people are saying they do not want to do that because they want to go ahead and get Choice fixed first. When they come up with the $51.4 billion we need to fix Choice first, I am happy to do it. In the meantime, let's expand the opportunity to make the contract agreements on provider agreements, and let's work at the beginning of next year to fix the Choice program so it does not sunset in August but instead is perpetuated around the country, and improved and perfected.

So I apologize for horning in on that. When I heard my

two favorite subjects come up, I just had to make a comment.

Senator Moran.

Senator Moran. Mr. Chairman, thank you. Thank you for your kindness and consideration of me today and always, and please consider me an ally in your efforts on Veterans Choice first, and particularly the legislation that we would like to see passed.

Mr. Secretary, I am going to run vote. This is not a--I will not leave this as an open-ended question. I am not trying to get you, but as I thought further about your response to my comments and question, one of the things that I think is true, and you could look into, is you indicated that Mr. Wisner was--as soon as we found out--as soon as the VA found out about him, he was taken away from patient care.

Secretary McDonald. Yes.

Senator Moran. As I understand the facts, he continued to be an employee after that. He was removed from patient care but he continued to work at the VA. The day that he was removed from patient care is the same day that he admitted the allegations, admitted he had a problem, admitted that he dealt with patients in the way that he did. And my point would be, that is a moment in which somebody could be discharged, fired, and yet the VA just removed him from patient care and kept him on the payroll. And so, to me, that again highlights this difficulty in getting rid of,

in this case, not just bad actors but terrible actors.

Secretary McDonald. Well, it sounds to me like, Senator Moran, like you have better information than I do, and that you have met with the Inspector General and he has not yet met with me on this issue. So I need to find out what he discovered in his investigation. Obviously, if you have the case, you fire them. That is why we fired 3,755 people. You do not tolerate that kind of behavior.

Senator Moran. Thank you.

Chairman Isakson. Thank you, Senator Moran.

I thank the Members of the Committee for being so cooperative to move the hearing forward. I think we will go to our second panel.

Before you leave, Secretary McDonald, I want to thank you and Dr. Shulkin not just for your input today but for your leadership over the last two years. I think amazing progress has been made. We have a lot of progress yet to obtain, but I appreciate your leadership by both of you very much. And we are here to stand ready to help you anytime we can.

Secretary McDonald. Thank you, Mr. Chairman.

Chairman Isakson. We will call our second panel.

Our second panel are representatives from the Commission on Care. And when I got the Commission's report a few weeks ago and it was put on my desk, I took it home

for early reading, for lots of reasons, but I know there was a lot of thoughtful input and progress made. I wanted to see what the Commission had to say. And I want to commend the Chairman and the Commissioner and the other members on the work that you did. A lot of people do not give those private citizens, who volunteer their time to give us good advice, the credit they deserve, and we appreciate very much what you have done.

And we are going to hear from both of you today. And our witness to testify first is Ms. Nancy M. Schlichting. Is that the correct pronunciation? Okay--the Chairman of the Commission on Care, and Honorable Thomas E. Harvey, Esq., who must be an attorney if he has got "esquire" behind it. Is that right?

[Laughter.]

Mr. Harvey. You nailed that one, Mr. Chairman.

Chairman Isakson. We appreciate both of you being here today. We appreciate the work that you did. And you will both be recognized for up to five minutes each. If you have any printed testimony you want to submit for the record, it will be accepted and printed as is.

Ms. Schlichting.

STATEMENT OF NANCY M. SCHLICHTING, CHAIRPERSON, COMMISSION ON CARE

Ms. Schlichting. Chairman Isakson, Ranking Member Blumenthal, and Members of the Committee, thank you for the invitation to discuss the report of the Commission on Care, for your support of the Commission, and for the extension of time that you gave us to complete our work.

It has been a privilege and an honor to serve as the Chair of the Commission charged with creating the roadmap to improve veterans' health care over the next 20 years. For the last 35 years I have served in senior leadership roles in large hospitals and health systems, and for the last 18 years I have been in Detroit, Michigan at Henry Ford Health Systems, serving for 13 years as the President and CEO.

My experience in leading Henry Ford, which is a $5 billion, 27,000-employee health system, through a major financial turnaround and navigating our organization through the years of massive job loss in Michigan, population decline, the bankruptcies of our city and major employers while still growing substantially, making major capital investments in our communities, and winning the 2011 Malcolm Baldridge National Quality Award, have prepared me very well for the demands and complexity of the Commission's work.

Our Commission was composed of 15 talented and diverse leaders. We developed several principles to guide our work,

including creating consensus and being data-driven, creating actionable and sustainable recommendations, and most importantly, our focus on veterans receiving health care that provides optimal quality, access, and choice.

The independent assessment report you commissioned was invaluable as a foundation for our work. It is a comprehensive, systems-focused, detailed report that revealed significant and troubling weaknesses in VHA's performance and capabilities.

Our work took place over 10 months, with 12 public meetings over 26 days, and we sought the broadest input possible, had intense debate and dialogue, but had a unified focus at all times: what is best for veterans.

I believe we have produced a very good report that is strategic, comprehensive, actionable, and transformative. Twelve of the 15 Commissioners signed the report, signaling bipartisan support, and the three who did not sign had divergent views. One thought we had done too much and two thought we had too little transformation.

The VHA requires transformation, which is the focus of our recommendations. There are many glaring problems, including staffing, facilities, IT, operational processes, supply chain, and health disparities, that threaten the long-term viability of the system. Perhaps even more importantly, the lack of leadership continuity, strategic

focus, and a culture of fear and risk aversion threaten the ability to successfully make the transformation happen over the next 20 years. Transformation is not simple or easy. It requires stable leadership, expert governance, major strategic investments, and a capacity to reengineer and drive high performance.

Some of our Commissioners believed in moving VA to a payer-only model. Some believe that government simply cannot run a complex health system and that veterans should have the same choice that Medicare beneficiaries have. Yet we believe VA and VHA, under current leadership, Secretary McDonald and Under Secretary Dr. David Shulkin, are making progress, are aligned with most of our recommendations, and we believe that VHA should be invested in, for several reasons.

One is the model of integrated care delivery; secondly, the clinical quality, which is comparable or better than the private sector in most metrics; third, the history of clinical innovation, veterans-focused research, medical education, and emergency capacity; fourth, the specialty programs; and fifth, the role as a safety net provider for millions of complex and low-income veterans that may not or could not be filled by the private sector in many markets. As we know, even with the Affordable Care Act access to primary care and mental health professionals across the

country, it is still very challenging. Our recommendations fall into four major categories:

One, creating a VHA care system which fully integrates VHA, private sector, and other federal providers, including the DOD and other providers, and that VHA continue to provide care coordination and vet all of the providers in the networks.

Secondly is the leadership system and governance, and a particular emphasis on continuity of leadership, leadership development, and creating an oversight through a board of directors.

Third is the operational infrastructure, focusing on IT, facilities, performance management, HR and workforce, supply chain, and diversity and health care equity.

And, finally, eligibility--focusing on other than honorable discharge eligibility for health care benefits and eligibility design.

We clearly do not want this report to sit on a shelf, and we ask for your help to make our report come to life through enabling legislation that was included that does require your action.

We are mindful that some of our recommendations have cost implications and we worked with health economists in modeling different options. We do not suggest that Congress has not already made very substantial investments in the

system. Rather, we call for strategic investments in a much more streamlined system that aligns VA care with the community.

I would be very pleased to be a resource for the Committee as you continue your work on these issues. And I would also look forward to your questions. Thank you very much.

[The prepared statement of Ms. Schlichting follows:]

Chairman Isakson. Thank you very much.

Tom Harvey?

STATEMENT OF THOMAS E. HARVEY, ESQ., COMMISSIONER, COMMISSION ON CARE

Mr. Harvey. Chairman Isakson and Members of the Committee, Ranking Member Blumenthal, it is a pleasure for me to be here with you today to address the work of the Commission on Care. It is a particular pleasure because for five years I sat where Tom Bowman is sitting behind you as Staff Director of the Committee under Senator Alan K. Simpson.

In my personal experience, the vast majority of VA staff at all levels are professional and highly committed to the veterans they serve. Like many of us, I was concerned to learn of the issues that came to light regarding the manipulation of wait times for appointments at the Phoenix VA Medical Center. I am happy to have been a part of the effort to better understand what had gone awry and to find a solution to those problems for today and into the future.

Service on the Commission has been an interesting experience. The Commissioners brought their varied backgrounds to this venture with one characteristic in common: All of us were committed to assuring that this country's commitment to its veterans was well met. We may have differed on just how best to do that, but the good faith of the Commissioners was palpable. Under the leadership of our very competent Chair, Nancy Schlichting,

each Commissioner had an opportunity to express his or her priorities and to defend those should they be challenged.

The final report contains 18 recommendations. Some of these are good ideas. Others strike me as unrealistic. Some are included because one or more of the Commissioners felt very strongly about them. The White House made it clear to our Chair that they would like a consensus report. I signed off on the report in deference to that expectation, even though I had some reservations.

I had had a full and fair opportunity to express my concerns in open session. Among the many things I learned from Senator Simpson was that in negotiations on matters such as these, after all of the give and take you have to be able to take what you can, hold your head high, and declare victory one more time. And that is what I would like to do here.

Over nearly a year that the Commission met, we discussed a broad array of problems within the VA. Many of those were long-standing. We discussed those with senior VA leadership, who themselves recognized that there were issues that were beyond their ability to address. I like to think that by shining the light of discussion on some of those, we may have provided the impetus to the professional staff of the VA to raise such issues.

Some quick statistics regarding veterans and the VA.

In 2008, there were 26 million veterans. Today there are about 21 million. In 2008, the budget of the VA was $68 billion. Today it is about $175 billion. In 2008, the VA had 240,000 employees; today about 368,000. The number of veterans is in precipitous decline. We lose about 5 million a decade. Of the total number of veterans, about a third use the VA for some or all of their health care, many just for prescriptions.

In my written testimony, I highlight some of the specific issues in the report that I had problems with. I would, of course, be pleased to discuss those with the Committee.

What I wish we had done: There are a number of very basic questions that I wish the Commission had addressed. Some of these are things that no one wants to touch, such as why do we have a VA health care system at all? This is something that a number of people ask me.

We need to do something for those who are injured in training or in combat, but the fact is, most of those being treated in the VA system are suffering the same illnesses most of us can expect to experience with the passage of time. There is nothing uniquely veteran about those injuries or diseases, and in most communities there is ample surplus base to treat them in the community hospital.

Some say there are some veteran-specific medical

conditions, such as spinal cord injury, blind rehab, post-traumatic stress disorder, and traumatic brain injury. In fact, annually, automobile and diving accidents create more SCI patients than the VA treats. And most of the veterans using the VA system are Medicare-eligible. If they use the community hospital, it can just bill Medicare.

If we are committed to having a VA health care system, who should be eligible to use it? Some people assume that once an individual puts on a uniform they are entitled to free health care for the rest of their lives--no need to worry about health insurance ever again. I do not think this is what we want.

A system was established a few years ago which said that for those with service-connected disabilities, treatment of those disabilities was the first priority of the VA system. Priorities also included veterans of very low income. Is there a better way to articulate eligibility so that the veteran--and, as importantly, the American taxpayer--can better understand what the VA health care system is trying to do, who it is obligated to provide care for?

In reviewing the materials relating to patient scheduling, I was struck by the fact that the gatekeeper for most VA care is a primary care physician. The medical education establishment is just not turning out a lot of

primary care physicians, so that is a bottleneck that is only going to get worse. And over the past several years there have been significant changes in the way health care has been delivered in the United States. That too will continue over the next several years.

Was the Commission a success? Several of my colleagues believed that we could only count it a success if the Administration and the Congress adopted the entire document as we presented it. I personally am willing to declare victory with the changes that VA Secretary McDonald, Deputy Secretary Gibson, and Under Secretary for Health Dr. David Shulkin, and their staffs, are now making.

Thank you, Mr. Chairman.

[The prepared statement of Mr. Harvey follows:]

Chairman Isakson. Thank you, Mr. Harvey.

In light of the fact that the Committee Members have been so cooperative in shuttling back and forth with votes and other things that have been compromising our time, I am going to continue to deviate from my normal practice and go out of order by not recognizing myself but instead recognize Senator Manchin from West Virginia.

Senator Manchin?

Senator Manchin. Thank you, Mr. Chairman, for being so kind, as you always are.

And thank you all for being here. I am so sorry I had to go and vote on the first, and missed the Secretary and Assistant.

To either one of you, or to both of you, if you would, it is my understanding that the Commission on Care's recommendation include allowing the primary provider to be outside the VA. It was very clear. And I understand they aim to improve access. It worries me that the veteran could receive medical care completely outside the VA with little to no oversight. That is my concern.

In West Virginia we have quite a number of veterans, as you know. Doctors outside the VA network can be trained in military and veteran culture. I am concerned that many are not equipped in dealing with the unique needs of veterans. Is a non-VA doctor able to spot a veteran with PTSD? Are

they aware of certain symptoms of toxic exposure? And do they know that veterans may not disclose certain symptoms if they are uncomfortable?

So these are all valid concerns. And I am speaking--because I go around to my clinics and I go around to the hospitals. I speak to a lot of the veterans. And what has been done in the past to the veterans is unconscionable--the wait time and all the stress--and I think everybody recognized that. But when I talk to the veterans, they still want veteran care. They demand it. I have asked them--I said, you know, if you cannot get it, we will get--they say, no, no, they take care of me here; they know what I need; they know how to treat me.

That is my concern. So, in the future, how do you see VA striking a balance between making sure a veteran receives access to care in the community and the care received is high quality? How can you say that will happen in the private sector?

Ms. Schlichting. Well, one of the things that is very important about our recommendations is that we are not proposing the current system of having a separation between the private sector and the VA. What we are proposing is a more integrated model.

Senator Manchin. Who is going to coordinate that? I mean--

Ms. Schlichting. VA is coordinating that. And VA--

Senator Manchin. So you want VA to be the gatekeeper?

Ms. Schlichting. VA has to vet the network, select the providers that meet very strict criteria. And in the report we include several elements of that, including not only their education and their experience but also their military competency. And, of course, about 70 percent of physicians in this country train in VA medical centers. So it is possible that we can create a very well-equipped set of primary care physicians when needed.

We also suggested that every market should be carefully evaluated in terms of access needs. So, more primary care physicians in the community might be needed in some markets versus others. Where VA has adequate numbers to provide that for veterans, perhaps they would have none.

So the control of this VA care system that we are proposing is the VA. And that includes vetting the networks. It includes having high criteria for participation. And it could be different in different markets, based on need.

Senator Manchin. Mr. Harvey, I have a question for you.

Mr. Harvey. Senator, may I just add one other thing--

Senator Manchin. Sure.

Mr. Harvey. --to address a different part of your

question, can people be trained to be sensitive to the veteran experience, and the answer is yes.

I just turned around to Rick Weidman from the Vietnam Veterans of America. And I know they have a card--a foldout card that has a number of questions they encourage doctors to ask a person who is a veteran, you know, about the experience--

Senator Manchin. Sure.

Mr. Harvey. --to elicit some of that--

Senator Manchin. Okay.

Mr. Harvey. --some of that. So there is training available.

Senator Manchin. So sorry to hurry you up. Our clock is running here.

[Laughter.]

Senator Manchin. The Commission on Care's proposal that you all have characterized is a path that will move VA into being more like TRICARE.

And I have spoken to a lot of my veterans and everything, and they argue that when CHAMPUS, and then its predecessor TRICARE, started offering more low-cost insurance to military retirees, we started seeing the co-payments for TRICARE beneficiaries starting to rise. They were saying that, you know, it is a "gotcha." They pull you in and then they get you on the other end, making you pay.

And I understand that many of our veterans are concerned that shifting care to outside the VA is going to lead to less money going to the VA and less services offered, and more coming out of their pockets to get what we have committed to them. Ten or 15 years down the road, I want us to be able to keep the promise we made to our veterans, especially those with unique injuries like polytrauma, traumatic brain injury, spinal injury, PTSD.

So my question to you, Mr. Harvey, do you think the characterization that the Commission on Care wants VA to be like TRICARE is true, and what do you suggest there? What would you suggest Congress to consider when thinking about the future of the VA health care?

Mr. Harvey. Actually, Senator, one of our Commission members dissented from the Commission report largely for these concerns, that if we do this, is this going to be draining money away from the VA, from the VA facilities that are needed? I do not, frankly, have an answer to that. You know, would it be likely that co-payments would increase?

Senator Manchin. We can already base this on what has happened previously.

Mr. Harvey. Yeah.

Senator Manchin. So if that is the case, I would say, yes, our veterans have, really, reason for concern. They truly should have reason for concern because it is very well

we will go down that path.

Ms. Schlichting. But if I could comment on that, I do think that it is important to see the balance in the report. While we are suggesting primary care--

Senator Manchin. Yeah.

Ms. Schlichting. --choice, when needed, within that VA care network, we are also suggesting significant improvements in the operations of the veterans health system.

Senator Manchin. My biggest problem is opiates, okay? If you have a doctor over here suggesting once sort of opiates and you have the VA trying to wean them off of the opiates we are giving to them, how is that going to--who is going to coordinate that? Who is going to--

Ms. Schlichting. The VA is going to coordinate that.

Senator Manchin. Well, I--

Ms. Schlichting. They have to.

Senator Manchin. I am concerned about that. It is the biggest problem I have got in my state and it is the biggest problem we have with our veterans right now, and you need a single source basically taking care in curing them. And if you have a doctor that believes they should be treated by pain--with a pill versus alternate care, you have got serious problems. And that is what I am afraid of. I really, truly am.

Ms. Schlichting. Well, the VA needs to have clinical standards for the providers that are part of that VA care network, that are consistent.

Senator Manchin. Mr. Chairman, I am so sorry to take a little bit more time than I should have, but I thank you.

Chairman Isakson. You are always timely and to the point. Thank you, Senator Manchin.

Chairman Isakson. I am going to just ask one question and make one observation.

Recommendation Number 18, Ms. Schlichting, "establish an expert body to develop recommendations for VA care eligibility and benefit design," tell me what that means.

Ms. Schlichting. I think the feeling on the part of members of our Commission was we did not have the time or the focus on eligibility, but many people felt that it was time to do a comprehensive review to really evaluate it as a whole and take a look at eligibility standards today.

There were members of the Commission that felt, for example, that some of the lower-priority categories were not necessary, that the focus should be on service-connected injury, on lower-income veterans. So it was felt that that would be something that a separate body could take a look at.

Chairman Isakson. So when you say lower-level veterans, you mean bifurcate the veteran population as to

some of them being eligible and some of them not?

Ms. Schlichting. Well, there are several priority categories today, as you know, and the question was, are all those priorities as essential in today's environment?

Chairman Isakson. Was there any discussion to expand eligibility beyond just veterans?

Ms. Schlichting. There was some discussion about that as a way of helping to make some of the facilities more efficient.

One example is that with some of the very specialty programs that exist within VA, the volumes are very low and there is potentially a challenge of maintaining those programs, and potentially they could become a resource within a community. So I think there were a number of thoughts about how to best utilize the capacity within VA facilities and maintain it, and at the same time really look at the total eligibility program.

Chairman Isakson. And lastly, and very quickly, was the eligibility for VA health care for a non-honorably discharged veteran part of that discussion?

Ms. Schlichting. Yes, that was one of the issues we raised as part of our eligibility.

Chairman Isakson. Did you make a definitive recommendation on--

Ms. Schlichting. Yes.

Chairman Isakson. And that recommendation was what?

Ms. Schlichting. Well, it is included in our findings. And it basically outlines that, for other than honorable, they would be put in sort of a tentative category until it could be evaluated. But the idea was to provide the care for veterans that often have reasons for being put in that category that have nothing to do with their service and the honorable service they provided while in the military.

Chairman Isakson. So it would be a case-by-case basis.

Mr. Harvey. Mr. Chairman, the concern was that if you have a veteran who has had multiple deployments, has served honorably for an extended period of time, comes back to the States and decides he has just had it and acts up and is given an other than honorable discharge--not a dishonorable discharge but one of the other categories--perhaps that was, in part, caused by his multiple deployments--maybe PTSD, maybe traumatic brain injury--and it would be unfair to leave him out of the VA care system.

Chairman Isakson. Thank you very much.

Senator Sullivan.

Senator Sullivan. Thank you, Mr. Chairman. And I want to thank the panel and all the great work that you have done and everybody who contributed to the report.

I am going to begin by thanking Senator Manchin for his passion on this issue with regard to opiates. We are having

similar challenges in Alaska. And I actually want to thank Dr. Shulkin and Secretary McDonald. We had a big summit in Alaska on opioid challenges and heroin challenges this summer, and we had some very top, top doctors from the VA come up to Alaska for that, Dr. Lee and Dr. Drexler. So I want to thank both of you.

I want to focus on an area that I did not really see in a lot of the recommendations, but I know it is in there because it is a really important topic. And when you talk about the delivery of care, the issue that of course I am very focused on in Alaska is delivery of care in rural communities--extreme rural communities.

And, Mr. Chairman, I apologize. I know this is a little unorthodox. I am sorry--I am really sorry I missed having the Secretary and Dr. Shulkin here. I know they are still here, but I would love to, gentlemen, be able to maybe chat at one of the breaks or something on the tribal sharing agreements that are a concern right now, but it relates to this issue.

But I was back home in my state, of course, over the summer, like all of us, and in a lot of the communities there just seemed to be a very different approach to delivery of health care in some of the real far-reaching communities in Alaska that are--you know, we do not have roads. We have real unique challenges, given the size and

distance.

And some of it relates to how the VA interacts with other health organizations--clinics, tribal organizations--in the far-reaching communities. But one of the things that I saw, because I asked everywhere I went--I went to a number of my communities--is there seems to be a very different standard, depending on the community, even depending on, like, veterans sitting next to each other.

So I always meet with veterans no matter where I go in the state--try to. And some of them said, hey, no, I can go right down the--I can go right down the road to the local clinic or the local Native health organization. Others say, no, I have to fly to Anchorage, or I have to fly to Seattle. And, you know, that can cost thousands of dollars just to get to these--you know, from some of the different communities in Alaska. Some of them say, then the VA pays for all that and puts us up at a hospital. Others say, no, you are on your own, literally in the same community.

So I am just wondering, on this issue, how much you looked at it and what recommendations you have, and then more broadly with regard to consistency on delivery, because it does seem very different even in the same communities. Different veterans have very different experiences.

Ms. Schlichting. Well, first of all, I think that what you are describing is the challenge of a veterans health

care system, that is so diverse and covers the entire country, to be able to provide meaningful access in every single part of where veterans live and work.

And so we felt that that was one of the major driving forces for a more integrated model, so that in communities where VA facilities may not be available, that there is easier access to integrate with existing providers within that community. We also felt that there was a need for better integration with other federal providers, which could apply certainly within the Native American community across the country.

But, you know, the consistency of care, frankly, in this country applies--that challenge that you describe is true with veterans and non-veterans. You know, in northern Michigan we have access issues. In some areas we have no OB services within 200 miles for women who might be, you know, trying to deliver. So it is a challenge, and that is one of the reasons we feel that it is very important to take a local look--

Senator Sullivan. Yeah.

Ms. Schlichting. --in each market to try to provide better access.

The question of why, you know, some veteran has VA pay for it, others do not, that might be an eligibility kind of determination, which I cannot respond to. But, you know,

really looking at the diversity of markets and how to best provide the care, and particularly when veterans are moving, it is not as if that veteran population is stable.

And the facilities available in each market are quite variable as well. Some may have outpatient facilities that can accommodate a lot of needs. Some may not. You know, the need to move from more inpatient to outpatient care is something we are seeing across health care today. So it is a challenge, but certainly something we had conversations about.

Senator Sullivan. And are there recommendations that relate to this in the Commission report?

Ms. Schlichting. The concept of the VHA care system really incorporates some of the questions that you asked.

Senator Sullivan. Does it focus on kind of the extreme rural communities?

Ms. Schlichting. Yes.

Senator Sullivan. Okay.

Thank you, Mr. Chairman.

Chairman Isakson. Thank you, Senator Sullivan.

Are you okay on time, Thom?

Senator Tillis. Yes.

Chairman Isakson. You are okay on time too?

Senator Boozman. Yes.

Chairman Isakson. Okay.

I am going to go to Senator Blumenthal next.

Senator Blumenthal?

Senator Blumenthal. Thanks, Mr. Chairman. And I want to thank you for all the time and energy that you devote into this very, very important work.

To both of you--Mr. Harvey, I think you have raised, in passing, one of the central questions that faces us: Why have a separate VA health care system? And I think you have heard some answers here, which we see in our daily--literally our daily lives when we visit VA health care facilities. Not only do veterans want to be with fellow veterans, but there are ways that veterans' care is tremendously enhanced by professionals who see them literally daily, hourly, for the same kinds of wounds, injuries, and so forth.

And I might just add, in an area that is receiving more research--there was an article just, I think, yesterday or the day before in the New York Times about studies being done on hospitals and measures of their quality, and how, when consumers are better informed not only about the metrics of outcomes but also about how they are cared for, actually the outcomes are better when the emotional or social factor is part of the measurement.

So I think in all kinds of ways I see the VA health care system as not--and I think you share this point of

view, why should we have it, but it offers the immense opportunity and potential to actually lead the nation in terms of quality, because it provides that opportunity to really attract the best and the brightest, as it has at certain VA facilities.

And the challenges it faces, as I think one of you stated in your testimony, are the same challenges the rest of our health care system does. We need more primary care doctors, more psychiatrists, more equipment at more affordable prices, more pharmaceutical drugs. We can negotiate, but still, rising health care costs are a challenge. So it mirrors the rest of our health care system.

What I have not seen so far--and maybe, Madam Chairman, you can talk a little bit about it--consumer protection, making sure that there are policies and procedures designed to monitor the quality of care that veterans receive outside the VA health care system. The metrics and evaluation can be applied to the VA health care facilities, but what about the health care outside the VA walls when there are choices offered when the Choice program comes into play, in whatever form it may?

Ms. Schlichting. Well, a couple of comments in response to that.

One is that the more unified and integrated the so-

called outside providers are within the VA system, I think the greater the opportunity is to really evaluate performance, set clinical standards, and apply the same approach that is within VA to that care that is received in the community. So that is a very important and different concept than the Choice program or the traditional ways that VA has paid for care in the community.

Within our recommendations we also suggested that performance metrics need to be very comparable; that we should have, really, the same metrics of performance within the community as within VA, and that those metrics should be a requirement of participation really as a vetted provider within the VA care system.

So I think the more that that becomes the model, I think it begins to allay some of those fears about care being provided differently, whether it is the issue of pain management and the opioid use or it is other elements of care that are provided.

Senator Blumenthal. Mr. Harvey, did you want to add anything? And thank you for your service.

Mr. Harvey. The only thing I would add, Senator, is you mentioned--and we addressed this in part of our report--that business of cultural competency of the health care provider understanding that this veteran has had a particular type of experience, and being sensitive to that.

And as I said, perhaps when you were out, I know the VVA has a little card that they suggest using, with various questions to ask the veteran patient to elicit some of the experience, so that as you are factoring this into the diagnosis and, you know, the analysis you are giving as a doctor, you have that as part of that.

So that cultural competency and understanding the military background is an important thing that you get through a system like the VA. You are not going to get it at Washington Hospital Center.

Senator Blumenthal. Exactly. Thank you so much.

Thanks, Mr. Chairman.

Chairman Isakson. Thank you, Senator Blumenthal.

We will have Senator Tillis, followed by Senator Boozman, and then we will go to panel three.

Senator Tillis. Thank you, Mr. Chairman. Thank you all for being here and for your work on the Commission.

Before I get started, I want to thank Secretary McDonald and his team. Mr. Chair, we had meetings last week. Secretary McDonald and a lot of the people that are here were in my office giving me an update on the transformation and the progress on the breakthrough priorities. I think it is great work and I have a lot of confidence in what they are doing.

And I have to give special thanks also to Secretary

McDonald coming back to my office the following day to give me a report on the Camp Lejeune toxic substances program. I think we are making progress and I appreciate the continued work.

Thank you both for being here. I am going to jump to three of the recommendations where I think the VA may have some concern. I may understand why, but--I am sorry, is it Ms. Schlichting?

Ms. Schlichting. Yes.

Senator Tillis. Good. I noticed in notes that my staff took--they had one note on discussion about privatization. So I never miss an opportunity, when I see a word "privatization" ever mentioned, to mention that I do not believe that the VA should be completely privatized, period, end of story. I do not know of any U.S. Senator who feels like a full privatization is a good idea.

I think that there is an opportunity for veterans to choose whatever--what we should do is create a system that lets a veteran choose whatever pathway is right and necessary to provide timely care, and I believe that we agree with that.

And I just say that because anytime I see "privatization," there is somebody that is saying--there is some Senator here that wants to give it to the private sector. I think there is a therapeutic value to some VA

presence, veterans being among high concentrations of veterans, and until I see evidence to the contrary I would never support it. On the other hand, I do think there are a lot of opportunities to use non-VA providers in Choice, and that is what we are getting at.

Recommendation 4 has to do with an Engineering Resource Center. I used to work in management consulting. I think that the VA may have some concerns with this. It probably has less to do with the end result and more to do with the process.

We have got a lot of Centers of Excellence that are sort of emerging. I visited Nashville, where there is a new ICU Liberation campaign. I did a surprise visit, actually--visited with them. They were very hospitable. I was very impressed with the results. It is one of two programs around the state.

So I think, as a management consultant, I am less--I would be less interested in creating other groups and organizations with managers and communications channels and ways to create a web of subject matter expertise and Centers of Excellence that we could leverage. So that probably has less to do with the concept and more to do with the implementation, but I will get back with the Department.

Do you have any comments on--either of you--comments on that particular recommendation?

Ms. Schlichting. You know, we have heard, in terms of the response, that perhaps the VERC--which was the specific component of the VA that we recommended be the center of this performance improvement work--may not be the choice, which is--you know, that is not a--certainly not a big issue for me.

Senator Tillis. Got you.

Ms. Schlichting. But I think the focus clearly is on how to drive a performance-improvement culture throughout VA--

Senator Tillis. Absolutely.

Ms. Schlichting. --and focus on clinical and business process improvement.

Senator Tillis. Yeah, I think that is right.

You know, in Salisbury there is a great project there that they have done, which was Lean process design, that is in my--I am from North Carolina--that was in my state. I see an emerging number of best practices that we need to execute and proliferate, but in an orderly way to where we are not varying and suddenly creating a hairball of kind of good practices and best practices.

But I did want to move to--the board of directors one is probably the one where you do not have me. And the reason for that is I feel like that this Committee is the closest thing to a board of directors as we should have.

And if we add that other layer--I would be interested in your feedback and why you think it is different, but if we add that other layer, then I think we could have VA leadership that get monthly floggings from two different groups, potentially. And I do not know that that is necessarily productive. I kind of enjoy our monthly floggings and--

[Laughter.]

Senator Tillis. --and I would not want to share that with anybody.

But in all seriousness, I just think it is something that we should look at and maybe--I will drill down more in the recommendations, but I worry about--if we had that layer down, I think it could be another level of abstraction that could remove the Members, particularly the Members of this Committee and maybe the Members as a whole, from some of the details that are going on.

I have invested, over the last year, a lot of time with the leadership in understanding the transformation, and I think the more we learn about it, the more we measure the week-to-week progress, the better off we are going to be. So I would have to learn more in the--I have to read more into the recommendation to make sure that it is not putting us further away from that line of sight that I think is helpful. And if you have any comment there.

And I do not have any remaining time, but I will follow up on Recommendation 17. Let me just put it this way: On bad paper, I think no one--and Senator Blumenthal has been great on this issue. I think that there is no doubt that there are veterans who should probably receive care because the nature of their separation was related to an injury or an event that occurred. Their behavior was actually driven by something that was either a short--maybe a temporary injury or a permanent injury that we just simply did not know. We have talked about it before--shell-shocked, whatever we used to call it in the past.

It is more a matter of the implementation and making sure that it does not disrupt the VA from the things that they are trying to get done with the people who are already in the system who unquestionably deserve care. So I think we want to work to the same goal. It is more the means rather than the ends.

Thank you, Mr. Chair.

Chairman Isakson. Thank you, Senator Tillis.

Senator Boozman.

Senator Boozman. We appreciate you all very much, and really appreciate the ideas that you put forth. I think it is very, very helpful.

Ms. Schlichting, in your testimony you talked about the ongoing leadership challenges facing the organization,

including a culture of risk aversion, distrust. Separate from your recommendations regarding the board of directors and the Under Secretary's appointments process, I would like to get your thoughts on how VHA can get after the risk aversion and the distrust issues. That is really a very difficult problem.

You might also, as you do that, comment about the--we have heard a lot about the senior leadership conferences and workshops. If you have any, you know, thoughts as to, you know, if those are working or not working, or if we need to change those a little bit or, you know, not--also, things like the Diffusion of Excellence. Is that getting down to the "Shark Tank" competitions? Is that getting down to the local level the way it should? And then, again, you know, what other steps that we should be taking to try and improve the culture, which is so very important?

Ms. Schlichting. Well, it is a very important question and something the Commission spent a lot of time on. And I would just say first that I think Secretary McDonald and Under Secretary Shulkin are making really significant progress.

I think the worry we have is not so much the leadership development work that is going on. It is having continuity at the top for more than a couple of years, because it is very hard to change culture when you do not have a

consistent pattern of leadership at all levels, starting at the top.

So our concern was, how do we have more stable leadership, have oversight with expertise? And that was the reasoning behind the governing board, if you will, the board of directors, is to have health care expertise overseeing the transformation process with stable leadership in place. That is how culture begins to really happen in a positive way and people start to take a little bit more risk. There is a culture of safety around speaking up, which is critical, I think, in any transformation. And those were the ideas that we really tried to move forward in our recommendations.

Senator Boozman. And the "Shark Tank," the--

Ms. Schlichting. Yeah, those things are great. I mean, and sometimes they can--

Senator Boozman. The conferences.

Ms. Schlichting. Right. I mean, I think they are fantastic. In fact, I know they are working with Professor Noel Tichy from the University of Michigan, who I know very well. In fact, I have taught in his class. And he is terrific. And what Dr. Shulkin has done to really engage the teams I think is fantastic.

Senator Boozman. Good.

Mr. Harvey, you highlighted the long-term challenges

the VA has had with IT solutions--

Mr. Harvey. Yes, sir.

Senator Boozman. --particularly as it relates to scheduling. Can you talk a little bit about that? As you mention, we have spent, you know, many years trying to get a scheduling system, lots of money. What is your sense regarding the VHA's future willingness to consider off-the-shelf solutions? Again, how do we make progress on this front?

Mr. Harvey. Well, let me start by saying that we met with the VA's Chief Information Officer, LaVerne Council, and I personally was very impressed. And others that I have spoken to within the VA, who know that part of the world, have been impressed by her competence, her experience, and she brings a lot to this.

My concern is that the VA, for reasons that are not entirely clear to me, seems to have just had a terrible time getting IT right. And so what we are now saying is you should do this very complex new system--commercial, off-the-shelf--that will do health records, that will do payment business practices with Choice doctors, it will do coordination with the Veterans Benefits Administration, and it will do scheduling and it will do all of these things.

And proof of concept is something that I would like to see, because I really, honestly, do not think that they are-

-they would be able to do all of those things right now since, in fact, they have not been able to get the scheduling--just the scheduling, that one part right.

The VistA system, which is the electronic health records, is an old system. And it was one of the newest when it came in. It was the best for a long time, and it has been replaced by other systems. And transitioning to some other system that can do these other things is going to be a huge jump, and you want to do it right because it is going to cost lots and lots of money.

Senator Boozman. Okay.

Thank you, Mr. Chairman.

Chairman Isakson. Thank you, Senator Boozman.

And thanks to both of you for your testimony and for your months of hard work on the Commission. We are going to make sure this is not a dust-gatherer on a shelf but is a thought-provoker that results in the perfection we need to bring to the VA. And we appreciate your service very much.

Ms. Schlichting. Thank you.

Mr. Harvey. Thank you very much, Mr. Chairman. Thank you, Members of the Committee.

Chairman Isakson. We will immediately welcome our third panel, our VSOs, and look forward to hearing from all of them. As our witnesses prepare to testify, let me make an observation, if I can.

On behalf of all the Members of the Committee, and on behalf of the staff of the Committee, I want to tell the VSOs how invaluable your help and support has been over the last two years and in the work leading up to Veterans First being developed. We have never had a situation where the VSOs were not ready to come forward with constructive suggestions, and we appreciate your input very much.

So sometimes when you are third on the panel you might think you are an afterthought, but you are not an afterthought. Many of the things we develop here come directly from the testimony that you bring forward. And many of the things we learn that we should have done differently, we learn from you when you correct us. So we want to thank all of you for being here and we look forward to your testimony.

And we will hear from the following individuals:

Mr. Jeff Steele, the American Legion; Joy Ilem, the Disabled American Veterans--and, Joy, we were delighted to have you all in Atlanta, Georgia for your annual convention about three weeks ago. The Secretary and I both enjoyed being there, and the President was there as well. So it was good attendance on the government's part anyway.

[Laughter.]

Senator Boozman. Lauren Augustine, the Iraq and Afghanistan Veterans of America; Commander René Campos, the

Military Officers Association of America; Mr. Carlos Fuentes, Veterans of Foreign Wars; and Mr. Richard Weidman, Vietnam Veterans of America.

We welcome all of you to be here, and we will start with Mr. Steele. Is that right that you are Mr. Steele? You are recognized for up to five minutes.

STATEMENT OF JEFF STEELE, ASSISTANT DIRECTOR, LEGISLATIVE DIVISION, THE AMERICAN LEGION

Mr. Steele. Chairman Isakson, Ranking Member Blumenthal, and distinguished Members of the Committee, on behalf of our National Commander Schmidt and over 2 million members of the American Legion, we thank you and your colleagues for conducing this hearing today.

Generally, the American Legion is an agreement with many of the Commission's recommendations. However, the report contains, at its heart, a fundamental flaw which must be recognized and addressed.

Of the three Commissioners who refused to sign the final report, the American Legion is most closely aligned with Commissioner Blecker, who stated in his dissent that, "the adoption of this proposal would threaten the survival of our nation's veteran-centered health care system as a choice for the millions of veterans who rely on it," a sentiment we have heard today.

The American Legion believes in a strong, robust veterans health care system that is designed to treat the unique needs of those men and women who have served their country. We also recognize that, even in the best of circumstances, there are situations where the system cannot keep up with the health care needs of the growing veteran population requiring VA services, and therefore veterans

must seek care in the community.

Thus we support the creation of fully integrated health care networks, with the VA maintaining responsibility for the care coordination. But these networks must be developed and structured in a way that preserves VA's capacity. Without a critical mass of patients, VA cannot sustain the very infrastructure that supports and makes VA specialized services world class. Providing veterans unfettered choice as to their provider jeopardizes this critical mass.

The American Legion also opposes allowing a complete option of primary care providers within the proposed VHA care system, because we believe the Commission's analysis is faulty. The Commission supports this recommendation based on a CBO estimate that was calculated using Medicare rates. The Commission, however, gave no consideration to how Medicare rules would apply to the current quality of care provided to veterans through VHA primary care physicians.

VHA physicians are not restricted as to the amount of time they are able to dedicate to each patient or the number of presentations per patient. Medicare, on the other hand, only provides payment based on 10- or 15-minute consultations, which would deny veterans the full complement and quality of care they are entitled to through their earned benefits. If scored by CBO properly, the cost of this recommendation would be at least triple, if not more,

and is thus financially unsustainable.

A better proposal is found in VA's plan to consolidate community care programs. The American Legion supports allowing VA setting up tiered networks. As we understand it, this structure would empower veterans to make informed choices, provide access to the highest possible quality care by identifying the best performing providers in the community and enabling better coordination of care for better outcomes. It rests on the principle of using community resources to supplement service gaps and better align VA resources, and we believe it has the potential to improve and expand veterans' access to health care.

However, as the VA begins to involve more community providers, the issue of how medical malpractice claims are handled becomes increasingly important. As it stands now, if a veteran is injured by a VA doctor, they can file what is called an 1151 claim. One, it will either begin or increase their level of service-connected disability and the injury would be covered by VA for the veteran's lifetime. No such protection exists for contracted care. It is essential to ensure that the current processes under 38 U.S.C. 1151 treats malpractice claims the same regardless of where they receive their care.

Finally, we recognize that the cost for these reforms remain a significant concern. The plan was presented to

Congress in late 2015 and was well-received on both sides of the aisle. But some Members of Congress balked at the costs. Ultimately, we strongly believe that this is a cost that must be met for VA to meet the needs of our veterans.

Mr. Chairman, I cannot conclude without remarking on the broken appeals process. Modernizing VA's archaic appeals process is of the utmost priority and the American Legion's number-one priority.

The House is voting today on Chairman Miller's reform bill. Senator Blumenthal has just come from a press conference where he introduced his reform bill. Senator Rubio also has a bill. There is wide bipartisan and bicameral consensus that the status quo is simply unacceptable and must be reformed. Mr. Chairman, we have worked with you personally and with the Committee. What are we going to do to get this done?

And with that, I am happy to answer any questions the Committee may have.

[The prepared statement of Mr. Steele follows:]

Chairman Isakson. Ms. Ilem.

STATEMENT OF JOY J. ILEM, NATIONAL LEGISLATIVE DIRECTOR, DISABLED AMERICAN VETERANS

Ms. Ilem. Thank you, Mr. Chairman, Members of the Committee.

Since the waiting-list scandal and access crisis of 2014, a vigorous debate has taken place about how to best provide timely, high-quality, comprehensive, and veteran-focused health care to our nation's veterans.

Over the past year, there have been dozens of congressional hearings, numerous investigations, stakeholder engagement, enactment of the Choice Act, a comprehensive independent assessment and, finally, the report from the Commission on Care. All of these efforts were undertaken with the goal of getting to the root of the crisis and transforming the VA so it can better serve our nation's veterans.

The Commission examined a wide range of ideas, including proposals to privatize and dismantle the VA health care system, but ultimately rejected such radical ideas, instead reaching a strong consensus on a comprehensive set of recommendations for the long-term transformation of VA. DAV supports the Commission's recommendations, as detailed in my written report, but I will focus on a few in my oral remarks that we have concerns with.

We support the Commission's first recommendation

calling for the establishment of high-performing, integrated, community-based health care networks, with the VA acting as the coordinator of care. VA and the independent-budget VSOs and the VSO community--many in the VSO community put forth similar plans for integrating community care into VA.

The Commission plan, however, does differ in one crucial aspect, specifically--as mentioned previously--how it would manage the provision of care among VA and non-VA network providers. In order to reach consensus, the Commission recommended a compromise option to let veterans chose non-VA doctors within an established network, even in the cases were VA would have timely access and conveniently located options to meet their needs.

This open-choice option would significantly increase costs, lessen care coordination and quality, and shift resources out of VA, likely resulting in the downsizing of the health care system. The problem is that if choice is elevated as the most important principle, you are likely to end up with two parallel systems and veterans will have to choose between--rather than an integrated system that is more likely to provide high-quality care and be responsive to veterans' individual needs.

The Commission's economist estimated the open-choice option would increase VA spending between $5 billion and $35

billion annually. Likewise, they noted that there was no clear evaluation of the potential impact that this choice option would have on VA's role as a whole, its ability to deliver comprehensive care and specialized services, or the impact on VA's research, education, and other critical missions.

Additionally, this option, according to the Commission, could shift an estimated 40 percent of the medical care currently provided by VA into the private sector. This reduction in work volume would undoubtedly force VA to cut services and close facilities, thereby depriving many veterans, particularly disabled veterans, of the choice to use VA for all or most of their care.

In order to ensure reliable access as well as high-quality and coordinated care for all enrolled veterans, VA must have the resources to address the many deficiencies identified in the independent assessment, including modernization of VA's IT and infrastructure needs, as well as the flexibility to organize and manage the networks and the care provided.

We also have concern about the recommendations to establish a board of directors to govern the veterans health care system. While we support greater continuity of VA leadership to facilitate better long-range planning, creating a separate and independent governing board for VHA

would hinder the ability of the Secretary to coordinate interrelated health care services and benefits programs. Instead, we recommend VA adopt a Quadrennial Review process for improved long-term planning and budgeting purposes, similar to that used by the Departments of Defense and Homeland Security.

In closing, DAV concurs with the majority of proposals put forth in the Commission on Care report and we greatly appreciate the efforts of the Commissioners to find workable solutions to complex problems. We are also pleased that a number of recommendations are already underway, as noted by VA's Secretary in the MyVA initiative. After two years of intense discussion and debate, there is a clear path forward and it is now time to take action and start working toward creating a health care system our veterans need and deserve for the future.

Thank you, Mr. Chairman. That completes my statement.

[The prepared statement of Ms. Ilem follows:]

Chairman Isakson. Thank you, Ms. Ilem.

Ms. Augustine?

STATEMENT OF LAUREN AUGUSTINE, SENIOR LEGISLATIVE ASSOCIATE, IRAQ AND AFGHANISTAN VETERANS OF AMERICA

Ms. Augustine. Chairman Isakson and Members of this Committee, on behalf of Iraq and Afghanistan Veterans of America and our more than 425,000 members and supporters, thank you for the opportunity to share our views on the Commission on Care Report.

There are few issues more important to the healthy transition home for our generation of veterans than ensuring a veteran-centric, exceptional, and sustainable VA. We know from our member research that our members are increasingly turning to the VA for health care.

In our most recent survey, 29 percent of our members reported using the VA exclusively, up 6 percentage points from the previous 23 percent. Those using the VA in combination with other insurance is currently 63 percent, up 5 percentage points. As more veterans return and as we face the challenges of physical and mental injuries, we need to know that the VA will deliver for us. We must get this right.

The Commission on Care report was intended to map out a path to that VA, and in general is pointed in the right direction. IAVA agrees that we need to reform VHA. Our analysis of each recommendation is detailed in our testimony

submitted for the record. Today's remarks will focus on IAVA's general analysis of the report as well as three of the 18 recommendations. We have six general comments on the report.

One, the report is presented as a series of independent recommendations. It fails to acknowledge that the success of implementing a single recommendation likely depends on the execution of others and will also require extensive time and resources to execute effectively.

Two, the report fails to consider how these recommendations to VHA will impact the VA as a whole, particularly VHA's ability to continue coordinating with VBA and NCA.

Three, the report fails to analyze the impact of recommended VHA reforms on VHA's ability to conduct research and train future clinicians.

Four, the report does not acknowledge the challenges faced by VA due to the misalignment of demand, resourcing, and authorities.

Five, the report failed to take into account reforms and programs that the current VA Secretary has already planned and/or implemented.

And, six, the report recommendations are broad and can be left somewhat open to interpretation.

As for the specifics of the recommendation, IAVA

broadly agrees with most of them and VA's response to the report, but we would like to focus the remainder of today's remarks on Recommendations 1, 9, and 17. Specifically, IAVA opposes external primary care providers, IAVA opposes the creation of a board of directors, and IAVA supports a streamlined path to eligibility for other than honorable discharges.

On Recommendation 1, IAVA supports an integrated network of care that includes community providers, led by VA primary care providers, managing the veterans' care. However, Recommendation 1 is too broad, lacking critical pieces of analysis and with a fatal flaw: the external primary care provider. It also assumes that community providers will be available and able to absorb the demand created by integrating such a network.

On Recommendation 9, IAVA understands the reasoning behind the establishment of a board of directors and decrees that continuity in leadership is critical to long-term reform. However, we echo the concerns raised by many, including the VA, and do not support this recommendation in an already burdensome bureaucracy.

On Recommendation 17, IAVA strongly agrees with the need to provide a streamlined path to health care eligibility for those with other than honorable discharges who have substantial honorable service.

Those with OTH discharges can be among the most vulnerable in our veteran population. Awarding temporary eligibility to these individuals will allow for access to critical services without delay in health care, due to the current process for determining eligibility. However, it is important to stress that, with this change, will be a resource burden on the VA that will require Congress to support. With increased demand comes increased need for resources.

To close remarks today, I would like to reiterate several key points. One, reforming VHA into a truly 21st century health care system will require significant coordination between the next president, VA, Congress, VSO partners, and the veterans we all serve. Two, these changes will also require a significant financial investment that should not come at the expense of cutting existing benefits. And, three, again, these changes cannot be siloed within themselves but must be part of a comprehensive plan to be effectively implemented.

Thank you for your time and attention.

[The prepared statement of Ms. Augustine follows:]

Chairman Isakson. Thank you, Ms. Augustine.

Ms. Campos?

STATEMENT OF COMMANDER RENÉ A. CAMPOS, USN (RET.), DEPUTY DIRECTOR OF GOVERNMENT RELATIONS, MILITARY OFFICERS ASSOCIATION OF AMERICA

Commander Campos. Chairman Isakson, the Military Officers Association of America appreciates this opportunity to give our views on the Commission on Care report.

MOAA was particularly grateful for the open and collaborative process Commissioners established in order to receive information and feedback from veterans themselves, as well as the VSOs and MSOs 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 that Secretary McDonald and VSOs have been advocating for since the implementation of the Commission on--since the Choice Act.

In responding to the report, I would like to put right up front that we want to see the exhaustive work of the Commission and the critical legislation proposed by the Congress and Administration be enacted this year. The panels before us have already discussed that: the budget, the Veterans First Act, and appeals modernization, those particular ones. Let me focus on three specific recommendations, though.

First of all, MOAA supports establishing high-performing, integrated, community-based health care

networks. While VA alone cannot meet all the health care needs of veterans, the system does provide a foundational platform on which to build. And that is clearly stated up front in the report.

MOAA believes a new system needs to preserve well-known programs and competencies in VHA's mission in the areas of clinical, education, research, and national emergency response. These are integrally related to the broader VA mission and American medical system.

MOAA is pleased the Commission recognized VA's primary role in coordinating health care and helping veterans navigate the system. That said, though, VA must retain responsibility for managing VA's health--veterans' health information and patient outcomes to ensure quality and continuity of care services.

Second, MOAA agrees with the Commission's recommendation to create an integrated and sustainable culture of transformation where all the 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 requires modernizing VA's leadership and human capital management system across the enterprise. Such improvements will require the necessary funding and authorities to make that happen.

As with many of our VSO partners, MOAA supports the concept of a longer-term appointment for the Under Secretary of Health. We, however, are not supportive of establishing a board of directors. MOAA believes Congress' role of oversight is essential and adequate in holding VA accountable, and Congress must continue to be the veterans' strongest advocate.

And, finally, MOAA aggress with the Commission's proposal to establish an expert body to develop recommendations for VA care eligibility and benefits design. The Commission recommends that VA revise its regulations to provide tentative health care eligibility for those with other than honorable discharge. The Commission believes that VBA's adjudication process in determining characterization of discharges takes far too long and is very strictly interpreted, preventing veterans from getting the care they need sooner rather than later.

Instead, MOAA recommends that Congress direct VA to provide more information on the current scope of the problem--what the process is, what the potential costs, and the impact of--and what the impact would be on VHA if this recommendation was implemented.

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

In closing, I would like to just share a quote from one of our veterans in the field, who articulates what MOAA's perspective is on VA health care. I quote: "I will tell you that our VA has a very solid reputation. And despite what is heard in the national press, I know, from both personal experiences and from experiences I have heard from others who use the VA in Durham, we are very fortunate. The VA Medical Center works well and the staff is committed to its mission."

When I walk through the VA Medical Center in Durham, I am struck with two things. The first is how complex it must be to manage such a facility. The second is what I see in the faces where nowhere--faces of people who have nowhere else to go. The VA is there for them.

MOAA believes this VA Medical Center is the rule rather than the exception in VHA. It is our view that we must leverage these best practices and invest in this type of culture across the system. And our veterans and their families deserve no less.

I thank you for this opportunity and look forward to your questions.

[The prepared statement of Commander Campos follows:]

Chairman Isakson. Thank you, Ms. Campos.

Mr. Fuentes, welcome back.

STATEMENT OF CARLOS FUENTES, DEPUTY DIRECTOR OF NATIONAL LEGISLATIVE SERVICE, VETERANS OF FOREIGN WARS

Mr. Fuentes. Thank you, Mr. Chairman. And on behalf of the men and women of the VFW and our Auxiliary, I would like to thank you for the opportunity to present our views on the Commission on Care's final report.

The VFW thanks the Commission. And I would like to echo our friend, René here on their willingness to involve us in the process. The VFW believes that the Commission has made some meaningful suggestions on how to improve the health care VA provides veterans. The VFW urges Congress and VA to consider the recommendations we have supported and alternatives to the ones that we oppose.

We strongly support the Commission's recommendation to improve the VA clinical appeals process. Due to the lack of system-wide processes, veterans have experienced vast differences when appealing clinical decisions, often delaying the care that they have earned and deserve.

The VFW members have firsthand experience with the pitfalls of the fragmented VA clinical appeals process and believe it must be reformed to ensure veterans receive an appropriate response to their grievances. This includes the ability to provide evidence to support their appeals, which many VISNs do not permit.

The VFW also supports amending VA's current health care eligibility recommendations to ensure veterans with other than honorable discharges have access to the lifesaving care they need and deserve.

The VFW also supports the Commission's recommendation to establish high-performing, integrated, community-based networks which leverage the capabilities of the private sector and the public sector to meet the needs of veterans in each community.

The VFW is glad to see the Commission also agrees that VA must remain the coordinator of care for veterans. It must develop systems and processes to help veterans make informed health care decisions. Doing so is vital to ensuring veterans receive high-quality and coordinated care rather than fragmented care which leads to lower quality and threatens patients' safety.

That is why the VFW opposes the Commission's proposal to give veterans a list of primary care providers and hope that they are able to find one willing to see them. Veterans in need of primary care must be offered the opportunity to discuss their preferences and health care conditions with a nurse navigator, who can help them find a provider who fits their preferences and clinical needs.

The VFW also opposes the Commission's recommendation to establish a governance board of political appointees to

determine when and where veterans receive their health care. VA needs strong leadership, not more bureaucracy.

However, we do agree that an exemplary Under Secretary of Health should continue to lead VHA regardless of political changes in Congress and in the White House. But instead of precluding the President from replacing an Under Secretary for Health, Congress and VA must evaluate ways to make the position more attractive to executives with experience running successful health care systems.

That is why we were pleased with Dr. Shulkin accepted the nomination. But he is not the typical person who has occupied that role. Dr. Shulkin is the first non-career VA employee to be confirmed as Under Secretary for Health since Dr. Ken Kaiser, who led the largest and most successful health care transformation in VA's history. Congress and VA must ensure that the position of Under Secretary for Health attracts more candidates like Dr. Kaiser and Dr. Shulkin, not career VA employees who seek to protect the status quo.

The VFW also supports most of the Commission's recommendation regarding capital infrastructure. We agree that waiving budgetary rules and improving VA's enhanced-use authority will enable VA to expand access.

However, the VFW cannot support a BRAC Commission. The VA SCIP process already addresses the issues of unused property. It is Congress who has failed to remove these

properties. The reason Congress has failed to act is the same reason it would fail to act under a BRAC-style process: local pressure from the veterans community.

The solution is to develop the better communication plan with the impacted veterans and develop a replacement plan that ensures veterans do not experience a lapse in access to care. Veterans' fear of losing VA care drives Congress inaction, and no commission or board will fix that.

Mr. Chairman, thank you for the opportunity to testify, and I am happy to answer any questions you may have.

[The prepared statement of Mr. Fuentes follows:]

Chairman Isakson. Thank you, Mr. Fuentes. We appreciate it.

And last, but certainly not least, Vietnam Veterans Association, Mr. Weidman.

STATEMENT OF RICHARD WEIDMAN, EXECUTIVE DIRECTOR FOR POLICY AND GOVERNMENT AFFAIRS, VIETNAM VETERANS OF AMERICA

Mr. Weidman. Thank you very much, Mr. Chairman, for allowing us to be here today. I will deviate because much of the material I might have covered in a summary has already been covered by my distinguished colleagues to my right. So I will concentrate just on a couple of things that we consider to be really important.

The first has to do with Recommendation Number 17 and the Administration's non-concurrence with it. We understand their position, but it is really up to the Congress, at the first opportunity, to get emergency appropriation so we can move ahead to those people who have an OTH, or other than honorable discharge, most of them as a result of administrative procedures--never had access to counsel, never had a full record of court-martial, but rather were just pushed out as they were seen no longer to be useful.

Vietnam veterans, we have a long history with that because that happened to many people at the end of the Vietnam War and even as it was going on. For kids--and I say "kids"--who enlisted at 18 and got sent to Vietnam at 18 1/2, 19 and came home--they were on a three-year enlistment, and the military service did not want them when they came home. And they did not want to be there and they copped an

attitude because of the experience in the boonies in Vietnam, so they got in trouble: Sign here, son, and you can go home. And so they did. And so that has ruined many of their lives.

And, unfortunately, that pattern is still going on today, from Fort Carson to bases in Texas to right here at Fort Belvoir, where people who are being unfairly pushed out and labeled as other than honorable simply because there is somebody in either NCO Corps or in the Officer Corps who has taken an active dislike to them.

VVA has been very concerned about this ever since our inception. And many of us have been active in discharge upgrade services before VVA was founded, and we continue to be concerned with this thing. And it has become more difficult over the years to get discharges upgraded, even when an objective person looking at it agrees absolutely that that discharge should be upgraded and they should have their benefits restored.

We have filed several class action suits against DOD, and we certainly were assisted by former Senator and Secretary of Defense Chuck Hagel's memo. And that has opened the door. With the lawsuit pressing, instead of a success rate of 4 percent, it has gone up to 45 percent before the Army Board.

And in terms of separation, the Secretary of the Navy,

Secretary Mabus, has issued a directive that has helped dramatically in having Marines who should have their eligibility restored, and as well as Navy people. What we need is for Secretary Fanning and the Secretary of the Air Force to do the same thing.

But what is needed is to make sure that we have the money that is added into the budget as these things take hold. This is a group of people who are most at risk for suicide, particularly the younger ones. The older ones have already done so. And so it is something that the passage of the final DPAA [phonetic], to make sure that the Fairness to Veterans Act is included in that, would be a huge step. But I would stress that the leadership of this Committee, which we--on so many issues we greatly appreciate, Mr. Chairman, you and your colleagues and the Ranking Member's efforts, needs to be turned to getting an emergency appropriation so VA can be ready to handle it.

The last, which is really merit--the thing I would just touch on, instead of going into detail because of limits of time, is the whole procurement recommendation. Given the 8-to-0 Supreme Court decision handed out at the end of June in Kingdomware v. VA, it is--I cannot--everybody in this room knows how rare it is to have an 8-0 Supreme Court decision.

And they were absolutely clear about what must be done. The question is whether VA does it. And instead of

concentrating on rearranging the structure, we need to look at what they are doing and how they are doing it, including the excessive reliance on the delegated authority for the Federal Supply Schedule.

I will close it there, Mr. Chairman. And, once again, I deeply appreciate, on behalf of all of us at VVA, the sound leadership from this Committee, for both you and Senator Blumenthal. Thank you.

[The prepared statement of Mr. Weidman follows:]

Chairman Isakson. Thank you very much, Mr. Weidman. We appreciate your input and your time.

Mr. Steele, with emphasis added at the end of your testimony, you said, what do we do, addressing the appeals process and appeals reform in terms of the Veterans Administration. I will answer that question for you.

My good friend, Senator Blumenthal, as I understand it, has introduced a version of his veterans appeal bill sometime today. Chairman Miller from the House has introduced one. We passed a demonstration project in the Committee, a proposal by Senator Sullivan. And the Obama Administration, Denis McDonough and his people at the Administration, have been working for about three months on an appeals reform bill.

Am I correct, Mr. Secretary?

Secretary McDonald. Yes, sir.

Chairman Isakson. And the question is, what do we do? Well, what do we do is we have got to get everybody that has got an interest in getting this done getting their heads together and getting out of pride of authorship and let's get it done. And that is how it is going to get done.

And I am going to make a suggestion here. The 445,000 pending appeals that we have right now in backlog, we should not do anything to reform the appeals process in the future until we tell these people how in the world we are going to

give them an answer from the past. And I am serious as a heart attack about that.

So I think one of the things we need to do is say--we need to make sure we are reforming it so it does not happen again, but we do not need them being in a black hole and never getting an answer for the appeals that have long since gone past the time they should have gotten it.

So I hope that I can help be a--I do not have a dog in this fight. My desire is to fix it, but I do not have a--I am not squiring a bill around and saying it is my way or the highway. But I will be glad to work with the Ranking Member, with the Secretary, with Denis McDonough, with all your VSO organizations, Chairman Miller in the House, an let's find a way to find the 80 percent we agree on and make a deal rather than always worrying about the 20 percent we do not find agreement on.

But when we do it, we have to make sure the people who have already been left behind in the appeals process get an answer to the question they ask, which is the same one you do: When? So I think that is the answer to your question.

Mr. Steele. Thank you.

Chairman Isakson. Ms. Augustine, did I correctly hear you say that you all were opposed to Recommendations 1, 9, and 17?

Ms. Augustine. Sir, we are opposed to the external

primary care provider recommended in Recommendation 1. We are opposed to Recommendation 9. And we support Recommendation 17, which offers a streamlined path to eligibility for other than honorable discharges.

Chairman Isakson. Okay. I got two out of three right. That is pretty good.

[Laughter.]

Chairman Isakson. What is your organization's position on the Veterans First bill?

Ms. Augustine. Sir, we support many of the provisions within the Veterans First bill, but we strongly oppose the pay for that has been offered for the bill, as we publicly stated and our 30,000 messages from our members to Congress have also echoed.

Chairman Isakson. Well, let me offer--see, I heard that in the testimony, the reference to the "do not take away any benefits," and I would like to make a suggestion to all of you. When we are trying to address the concerns that all of you bring to us to improve the benefits to our veterans and make the VA work better, we have to find ways to pay for improvements in the future.

That does not mean we want to take money out of Richard Blumenthal's pocket as a veteran, or out of my pocket as a veteran, or anybody. But it may mean from time to time, just as we are going to have to do with Social Security and

other things in terms of entitlements, we have to reform eligibility in the future to pay for eligibility in the present.

It is very difficult for us to move forward if, out of right field, we get an objection that does not give us fair warning and a chance to explain ourselves, which is what happened on Veterans First in that particular situation.

So I just want to memorialize for the public and the record, I sit here as Chairman--and think Richard is the same as Ranking Member--we are ready anytime, any place, anywhere, if somebody thinks we are taking away something to hurt a veteran--because we are never going to intentionally do that, but we also want to take a holistic approach and look at where we are putting together the money for the future to deal with the challenges of the future. Is that fair enough to say?

Senator Blumenthal. Well, Mr. Chairman, I think as long as we are memorializing, I should state for the record my own view that there really should be no requirement as to a pay for when we are taking about benefits for veterans. That is simply a matter of principal with me. I recognize that the majority has a somewhat different position, but there is no requirement in law or policy, so far as I know, that we could not go to the floor and ask for a budget point of order. And I think it would pass and I am prepared to

support that effort.

And I will continue looking for other pay fors, if that is a requirement, outside of veterans programs, because I believe that the Veterans First bill is a dramatic and historic step forward, and any additional funds required to support it should come from non-veterans programs. And you and I have worked together very collegially in formulating this bill, and I hope we can continue to do it so that before it passes we will find alternatives.

And I really do appreciate your leadership, Mr. Chairman. You and I have spent many, many hours in seeking to address this dilemma, and I know you have done it in good faith. And this bill hopefully will pass in an even better form than what we have right now.

Chairman Isakson. And I appreciate those comments and subscribe to them, but my point I am trying to take to the VSOs is this: If you see us doing something that you have an objection to or perceive there might be a benefit challenge to, come to us first--I am talking about "us" being Senator Blumenthal and myself--and let's see if we, first of all, can make sure we understand what change we are making and work together to get it changed, because a lot of times one little cog in the machine can stop everything else from happening because we just did not address it and talk about it. That is the main point.

And I agree with everything he said, but who is in charge right now requires us to put a pay for on the floor. We can go to the floor for UCs, but since we have the requirement we ought to try and first see if we cannot find a way to meet the requirement before we decide we have got a battle going on. That was my main point.

Senator Blumenthal. And hopefully meet that requirement outside the--

Chairman Isakson. And that is where we are working--

Senator Blumenthal. --outside the VA--

Chairman Isakson. Right.

Senator Blumenthal. --programs, the VA mission, and the VA budget.

Chairman Isakson. Precisely.

I am sorry to have taken so much time but I wanted to-- I think both those points need to be addressed both in terms of let's get this appeals done, let's get it worked out, and let's make sure we do not leave behind the 445,000 that are waiting. And let's make sure that in the future, when we have differences on benefits, we talk about them first before we declare war on each other and end up slowing us down from making progress.

With that said, I am going to go to my distinguished Ranking Member, Senator Blumenthal.

Senator Blumenthal. Thanks, Mr. Chairman.

I want to ask about the board of directors. I apologize; I was not in the room for some of your testimony, but I have read it. And I have taken from that testimony that there seem to be very broad reservations--perhaps I should say opposition--to the idea of a board of directors, for very understandable and well-merited reasons.

Ms. Augustine, you have made the point that it is an additional bureaucracy and that, in fact, it diminishes, potentially, accountability. And I think, Mr. Fuentes, you made some--this point has been made by many of you. Have I correctly interpreted your views?

Ms. Augustine. Yes, sir.

Senator Blumenthal. And in terms of the other recommendations, if each of you could just give me what you regard as the most important recommendations that you have supported--in other words, not that--I understand that you have opposed some, but in terms of your finding merit in these recommendations.

And I do not want to put you on the spot here, but just to kind of cut through the really excellent testimony that you have offered--it is very complete, excellent, but just in terms of what you regard as the most important of the recommendations you have supported.

Ms. Ilem. I will go ahead and take a--go first on that one.

I think the modernization--Recommendation Number 7 of VA's IT system is so inclusive of everything that--you know, regarding the disparities that exist and have been well-documented with the scheduling system, and so many other parts of what today is really modernized health care. And without that there cannot be, within the integrated networks, that clear, seamless access between the community provider and VA.

So I think that one is probably the largest one that impacts on so many other things. And if that were resolved and really try to tackle that one first and foremost, many of the other issues would be automatically resolved within that one.

Senator Blumenthal. Thank you.

Commander Campos. And I would like to add that in terms of--I think this report--it has been clear to us that the report has been provided in whole, and if you start taking and piecemealing it, you are not going to get the results of the recommendations going forward.

But for the sake of answering the question, I think, from our perspective, that nothing can really happen--real cultural change, transformation will not occur without an investment in leadership and the human capital management system.

Mr. Fuentes. Senator, I would like to echo the

importance of some of these recommendations that have already been mentioned, but I do want to say that Recommendation Number 1, although we do not support exactly how it is written, the need to reform the way that VA purchases care and how you integrate the private sector into the delivery-of-care model is vitally important.

And as was discussed when the Secretary was testifying, you know, VA--the Choice program is due to expire. You know, there is an urgent need in reforming how VA reimburses emergency room care.

So that is certainly vitally important, but also how VA expands and develops its capital infrastructure is also vitally important--Number 6--because no matter how many, you know, VA providers you are able to hire, you really need somewhere to put them. And the way it is done now really needs to be reformed.

Ms. Augustine. I would echo the comments from my partner from DAV that Recommendation 7 is vitally important to every other recommendation.

And modernization impact on the VA, as we look at integrating a network of care that expands beyond the VA, as we look at integrating better human capital management programs, that all ties back to IT. And ensuring that the IT infrastructure can handle those changes and can meet the needs of the VA is vitally important to the success of

transforming the VA.

Senator Blumenthal. Thank you.

Mr. Steele. I will conclude by just saying stable leadership. The VA needs to find a way and Congress needs to find--we need to find a way to incentivize top performers like Mr. Shulkin and Mr. McDonald to serve our veterans--stable leadership.

Senator Blumenthal. Did you have anything, Mr. Weidman?

Mr. Weidman. The continuity of leadership is a problem. Whether through statute or through practice, which, in fact, it could be done, particularly at the Under Secretary level on up, is something that is really very difficult, because when people come in for a relatively short period of time--and I believe political appointees across the board serve on an average of one year and nine months, historically, whether it is the Democratic or Republican Administration--that continuity lack hurts all of the agencies' effectiveness. And, frankly, we can not afford to have those kinds of lapses at the VA, particularly in the health care delivery system.

Senator Blumenthal. Well, I appreciate your comments. I know that this session is not the last we will have on these issues. I would note that the recommendations that I believe you have identified are all either underway or seen

as feasible by the VA, so I think we have a lot of consensus here.

And one of the criticisms made of the Commission's report--I am not sure who made it; I think it may have been the IAVA--is that it fails to take account of the actions already underway in the VA, reforms already ongoing. So I think that your support that you have indicated, and the Commission's support, for the work that is underway really indicates that we are all putting our shoulder to the same wheel here.

And, again, my thank you for your leadership. I want to just finish by saying thank you for your support for the appeals process reform bill that I introduced earlier today. We can disagree on the details, but there is absolutely no question that the present system is broken. The President thinks so. The VSOs think so. Our veterans think so. The Congress should think so and should act.

And I very much respect that the Chairman is looking at all of the options available. And I am not wedded to any single solution. I am certainly more than happy to be persuaded that there are better paths to the same goal. And I think, there again, we should be able to reach a consensus on appeals reform sooner rather than later because time is not on our side, time is not on the veterans' side, when there is delay on appeals of these claims.

And just to say what you all know: These claims do not seek handouts or hand-ups. They seek benefits that were earned through service and sacrifice to our nation and injuries or wounds that caused these claims to be made. So this nation has to do the job. Thank you.

Chairman Isakson. I want to thank Secretary McDonald and Dr. Shulkin--who must have paid off most of our witnesses, with all the comments he got today. Dr. Shulkin, they were bragging about you pretty good. You deserve it well. I appreciate Bob McDonald and his effort. I was with Secretary McDonald last night. He is a 24/7 guy working for our veterans and appreciated very much.

To all our VSOs, we are going to count on you helping put your oars in the water and help us move forward these last two months. We have got a lot of things that are this close and it is just a matter of us making up our mind we are going to get it done. If we can find 80 percent agreement, let's make a deal. Do not lose it over the 20 percent where we do not.

And I appreciate very much your taking the long time that we had to wait, but it was great testimony, great input, and it is going to end up benefitting the people we are all here to serve, and that is the veterans of the United States of America.

So with that said, this hearing will stand adjourned.

[Whereupon, at 5:00 p.m., the Committee was adjourned.]