

**STATEMENT OF THE HONORABLE SLOAN GIBSON
DEPUTY SECRETARY OF VETERANS AFFAIRS
BEFORE THE
VETERANS' AFFAIRS COMMITTEE
OF THE U.S. SENATE**

MAY 12, 2015

Good afternoon. Chairman Isakson, Ranking Member Blumenthal, and Members of the Committee--thank you for the opportunity to participate in this hearing and to discuss the progress of the Department of Veterans Affairs' (VA) implementation of the Veterans Access, Choice, and Accountability Act of 2014 (Veterans Choice Act). I am accompanied today by Doctor James Tuchschtmidt, Interim Principal Deputy Under Secretary for Health.

Implementing the Veterans Choice Program

The Veterans Choice Program is helping VA to meet the demand for Veterans healthcare in the short-term. VA is focusing on ensuring the program is implemented correctly and seamlessly as well as on creating the most positive experience for all Veterans.

VA's goal is always to provide Veterans with timely and high-quality care with the utmost dignity, respect, and excellence. For the Veteran who needs care today, VA's goal will always be to provide timely access to clinically appropriate care in every case possible. However, as we have shared with staff for the Senate and House Committees' on Veterans Affairs, users of the Veterans Choice Program have identified aspects of the law that are challenging. We are working diligently to address these challenges and to turn them into opportunities to improve VA care and services. My testimony addresses the progress we have made thus far.

Eligibility for the Veterans Choice Program

President Obama signed the Veterans Choice Act into law on August 7, 2014. Technical revisions to Veterans Choice Act were made on September 26, 2014, when the President signed into law the Department of Veterans Affairs Expiring Authorities Act of 2014, and on December 16, 2014, when the President signed the Consolidated

and Further Continuing Appropriations Act, 2015. On November 5, 2014, VA published an interim final rulemaking that implemented section 101 of Veterans Choice Act.

The Veterans Choice Program, established by section 101 of Veterans Choice Act, requires VA to expand the availability of hospital care and medical services for eligible Veterans through agreements with eligible non-VA entities and providers. Under section 101, some Veterans are eligible for the Choice Program based on the distance from their place of residence to the nearest VA medical facility. The Choice Act does not state how distance should be calculated for purposes of determining eligibility based on place of residence. The most common methodologies for calculating the distance between two places are by using a straight-line and by following the actual driving path between the two points. In the initial interim final rulemaking, VA adopted a straight-line measure of distance to determine eligibility based on residence, consistent with certain statements in the legislative history.

During the public comment process for the rulemaking, VA received many comments questioning the use of the straight-line distance instead of driving distance. By contrast, VA received no comments in support of the use of straight-line distance. After considering extensive feedback, VA decided to amend the interim final rule to change the method used to determine the distance between a Veteran's residence and the nearest VA medical facility from a straight-line distance to driving distance. The general intent of the Choice Act is to expand access to health care for veterans, and the use of driving distance allows more veterans to participate in the program and receive care closer to home. Moreover, from the standpoint of a veteran, the most relevant question is how far he or she must actually travel to receive care, not the length of a straight-line route.

I am happy to report that on April 24, 2015, VA published a second interim final rule adopting this change, effective immediately. VA estimates that this change almost doubles the number of Veterans eligible for the Veterans Choice Program based on place of residence. We understand one frustration for Veterans is that according to the Choice Act, the Veteran is eligible for hospital care and medical services if the Veteran resides more than 40 miles from the medical facility of the Department, including a Community-Based Outpatient Clinic (CBOC), that is closest to the residence of the Veteran. This criterion bases eligibility on the proximity of the nearest facility,

regardless of the availability of the needed care at that site. VA is a regionalized system; so we recognize that every CBOC does not deliver the services needed by every Veteran. We acknowledge this is problematic and have carefully studied the issue and potential solutions, recognizing the constraints of VA's authorities in the program under current law and the significant budgetary impact that would accompany the potential solutions, which could range from \$4 billion to \$34 billion per year.

We have presented our analysis of the issue to the Congressional Budget Office and staff of the Senate and House Committees' on Veterans Affairs, and we are continuing to work with Congress to find an economically sound solution.

Revisions to the Beneficiary Travel Program

Based on Veterans' feedback, we are using the fastest route by time calculation to determine eligibility for the Veterans Choice Program. This is different from the method that had been previously used by the Veterans Health Administration (VHA) Beneficiary Travel Program, which determined mileage reimbursement based on the shortest route. This route determination method may not have been a "common" route traveled by our Veterans to their healthcare appointments. However, we now believe the Beneficiary Travel Program standard should be altered as well to reflect the fastest route by time calculation and ensure consistency between both programs.

To reduce variation in mileage calculation between the two programs, VA will now calculate mileage reimbursements under both programs based on the fastest route by time. In most cases, the change will provide equal or greater mileage reimbursements to Veterans.

Veterans Choice Program Outreach Efforts

We understand that the Choice Program is not working as well for Veterans as it should, in part because Veterans, VA employees, and community providers do not understand how the program works. We continue our outreach efforts to increase Veterans' awareness of the program. With VA now determining eligibility for the Veterans Choice Program based on driving distance to the nearest VA medical facility, to include CBOCs, more Veterans are now eligible for the Veterans Choice Program. Beginning April 25, 2015, these newly eligible Veterans were sent a letter informing

them that based on their place of residence, they are eligible to immediately participate in the Veterans Choice Program. The letter also provides guidance to the Veterans on how to verify their eligibility and access care.

When we initially launched the Veterans Choice Program, we mailed explanatory letters to over eight million Veterans, with their Choice Cards. This month, we are planning to send a mailer regarding the Veterans Choice Program to the same group of Veterans. The mailer assists Veterans in determining if they are eligible for the Veterans Choice Program and provides guidance on how to confirm their eligibility and schedule their next appointment.

We will continue to focus on outreach and communicating with Veterans to ensure they understand the Choice Program, to include: establishing a reoccurring Veterans survey to measure their knowledge of the program; strengthening and expanding our social media strategy for Veterans, families, and caregivers; and, conducting program-related town halls at VAMCs.

Veteran Choice Program Employee Training and Education

We acknowledge that there are gaps in understanding the Veterans Choice Program and related business processes among VHA staff. We continue our outreach to VA facility leadership to improve employees' understanding of the Choice Program and to address any reluctance our staff may have to send patients into the community to use the Choice Program. Our staff are more familiar and comfortable with assisting Veterans with existing VA community care programs. We must ensure they are adept with the Choice Program, as well.

It is important that our staff understand and use the program properly.. To date, VHA has conducted a variety of training including, but not limited to, in-person training, webinars, virtual training, teleconference, and other means. We, at VA, will continue to reiterate the distance standard rule change. On April 24, 2015, Interim Undersecretary Clancy sent a message about the Veterans Choice Program to all employees and included a reference called the Five Questions About the Veterans Choice Program, further explaining recent updates and how to assist Veterans in accessing the program. In addition to the Interim Under Secretary's message, the Network Directors and Medical Center Directors will be sending their own messages to their employees, and

Service Line Chiefs will be meeting with their employees in person to further discuss the program and to ensure that all employees understand the program.

As I mentioned in testimony to the Senate Veterans Affairs Committee on March 24, 2015, we are sending teams of experts, including staff from our Third Party Administrators (TPA), Health Net and TriWest, as well as VA leadership, to 15 facilities in each of their catchment areas. These facilities were selected based on the high number of Veterans waiting for care and low utilization of the Veterans Choice Program. The experts will hold discussion sessions regarding needs of the medical centers, and the Third-Party Administrators (TPA) network's capacity to provide care. During this time, we will review data regarding needs and utilization, and identify gaps in TPA provider networks. An action plan will follow each visit.

Educating Third Party Providers on Veterans Choice Program

As we work to solve Veterans' issues, we must also ensure non-VA providers are informed about the program and how to best serve Veterans. We use a variety of means to conduct outreach and to educate and inform community healthcare providers about how to participate in the Veterans Choice Program. Since the Choice Program started, Secretary McDonald has met with national health care organizations, such as the American Medical Association and the American Association of Medical Colleges to discuss the Choice Program as well as other aspects of VHA's transformation.

In November 2014, VA established the Choice website as a clearinghouse for public information. Veterans and Veterans Service Organizations are the primary audience for the Choice website, but care providers also utilize the site's resources. VA expanded the existing VA Community Care Provider website to include new information on the Veterans Choice Program, as well as how to become a Veterans Choice Program provider. Additionally, community provider training is a contractual requirement of VA's TPAs, Health Net, and TriWest, which have provider pages that they use to engage in targeted outreach to non-VA healthcare providers and to deliver training and information as they build their networks.

Recognizing that the Veterans Choice Program is connecting community care providers with Veterans to a greater extent than ever before, VHA is providing broad access to Veteran-relevant training and information for providers who may not be

familiar with military culture. Recently, VA established VHA TRAIN (TrainingFinder Real-time Affiliate-Integrated Network), an external learning management system to provide valuable, Veteran-focused, accredited, continuing medical education at no cost to community healthcare providers. Since the launch of VHA TRAIN on April 1, 2015, more than 1,520 people have created an account or subscribed to VHA content through a previously established account. The first course offerings, four modules of *Military Culture: Core Competencies for Health Care Professionals*, have already seen over 347 registrations and 179 course completions. VA will add dozens of Veteran-care training courses to VHA TRAIN throughout 2015.

Rationalizing All VA Community Care Programs

Beyond the Veterans Choice Program, VA has, for years, utilized various authorities and programs in order to provide care to Veterans more quickly and closer to home. In fact, the Department spent over \$7.012 billion on VA community care in Fiscal Year 2014 to help deliver care to eligible Veterans where and when they want it. In Fiscal Year 2014, Veterans completed 55.04 million appointments inside VA, and 16.2 million appointments in the community.

We recognize though, that the number and different types of VA community care programs and authorities may be confusing to Veterans, our stakeholders, and our employees. Navigating these programs to determine the best fit for a Veteran may be challenging. Therefore, we are currently working to streamline channels of care, billing practices, mechanisms for authorizations, etc., with the goal of creating a more unified approach to community care.

Refining Business Processes

We are also focused on looking internally at the business rules and internal processes that govern the Veterans Choice Program. It is our hope that stepping back to revise our own practices and focus on long-term work plans will create more efficient processes that will engender better and timelier care experiences for Veterans as well as better business relationships with our VA community care providers. Managing the Veterans Choice Program effectively requires us to have broad visibility of data. We are refining our data analytics to develop more thorough management and oversight of the

TPA performance. In order to support the VA community care providers that treat our Veterans, we are refining the oversight of payments for services provided. We are also continually working with the TPAs to help them develop their healthcare networks to support Veterans' healthcare needs.

Pilot programs in VISN's 8 and 17 are beginning to send clinical documentation only when a Veteran contacts the TPA for an appointment. The TPA then requests information from the VA site and VA provides that information within 24 hours. There is very little wasted effort and the TPA is assured of getting the proper information. With the current practice, VA sends clinical documentation to the TPA on every Veteran regardless of whether they intend to use the Veterans Choice Program. This creates a tremendous burden on both the facility, who must compile and send the material, and the TPA who must store all of this data. Currently, the pilot is doing well, and we look forward to rolling this process out across the Nation.

More broadly, VA sent to the Congress on May 1 an Administration legislative proposal entitled the "Department of Veterans Affairs Purchased Health Care Streamlining and Modernization Act." This bill would make critical improvements to the Department's authorities to use provider agreements for the purchase of VA community medical care—in order to streamline and speed the business process for purchasing care for Veterans when necessary care cannot be purchased through existing contracts or sharing agreements. We urge your consideration of this bill, which will provide VA the right legal foundation on which to reform its purchased care program. And, that is critical for Veterans' access to health care.

Choice Act: Funding

We are thankful for the Veterans Choice Act's funding to help us overcome our access issue. As of April 30, 2015, of Section 801's \$5 billion for enhancements to VA staffing and facilities, we have obligated almost \$304 million to increase access to care for Veterans at our VA Medical Centers. The \$304 million includes an estimated \$143 million obligated for hiring medical staff. In addition, we have obligated more than \$145 million for infrastructure improvements. These improvements include legionella mitigation, non-recurring maintenance, minor construction and information technology improvements. Of Section 802's \$10 billion dedicated to the Veterans Choice Program,

VHA has obligated more than \$500 million for healthcare, Beneficiary Travel, pharmacy, prosthetics, and implementation costs. As we implement the improvements described above, we expect these obligations to grow.

VHA Staffing

VHA is in the process of hiring more than 10,000 medical professionals and support staff, leveraging the funds provided by Congress in the Choice Act. These healthcare professionals will augment the current baseline of employees already providing care to Veterans – with the goal of further improving timely access to care. As reported in the Veterans Choice Act Section 801 Spending Plan provided to the House and Senate Committees on Veterans' Affairs on December 3, 2014, VHA expects to complete these hires by the end of Fiscal Year 2016. VHA is making good progress, with roughly 25 percent of the more than 10,000 staff now on-board. Using the resources provided by the Veterans Choice Act, VHA will continue to aggressively market, recruit, hire and credential medical professionals and support staff to ensure we make full use of this opportunity to deliver quality care to Veterans.

Additionally, the Department appreciates the changes to the Education Debt Reduction Program authorized by Section 302 in the Choice Act. This Program provides a valuable tool for the Department to recruit and retain eligible, high-quality staff to VA.

Sections 105 and 106: Paying VA Community Medical Care Providers

The Department understands the importance of complying with requirements of the "Prompt Payment Act" and making timely payments to VA community medical care providers. The organizational changes implemented in Section 106 that consolidated payment of claims under centralized authority serve as the basis for further improvements in the prompt payments.

Section 106 of the Veterans Choice Act required the Department to transfer authority to pay for healthcare and the associated budget to the Chief Business Office no later than October 1, 2014. In seven weeks, we re-aligned more than 2,000 positions and over \$5 billion dollars in healthcare funding to the Chief Business Office from the VISNs and VA Medical Centers. This realignment established a single, unified

shared services organization responsible for payment functions and implemented centralized management which will allow us to leverage business process efficiencies going forward. We are in the process of refining and implementing standard processes and performance targets, and monitoring to ensure processing activities are performed and measured consistently across VA. This will enable us to deliver exceptional customer service to Veterans and VA community medical care providers. In addition, Choice Program claims processing and payment was centralized to ensure efficiency of processing and accuracy of payments.

We acknowledge that claims processing timeliness must improve. To date, our efforts include expediting hiring, maximizing the use of contract staff, implementation of involuntary overtime, and implementing tiger teams to maximize efficiencies with people, processes, and technology. Our current standard is to have at least 80 percent of our inventory under 30 days old.

Section 201: Independent Assessments

Section 201 of the Veterans Choice Act requires VA to enter into one or more contracts with a private sector entity or entities to conduct an independent assessment of the hospital care, medical services, and other healthcare furnished by VA, specifically assessing areas such as staffing, training, facilities, business processes, and leadership. Our work on Section 201 Independent Assessments resulted in completion of the first legislative milestone on November 5, 2014, by awarding a contract to the Centers for Medicare and Medicaid Services' Alliance to Modernize Healthcare (CAMH) to serve as Program Integrator for the independent assessments. The program is now progressing towards the second legislative milestone—completing the independent assessments by July 3, 2015. CAMH, supported by the Institute of Medicine and a diverse team of assessment subcontractors, are currently in the Discovery and Analysis phase.

To date, the teams have interviewed hundreds of VA and VHA staff as well as assessed over 80 medical facilities across 30 states, Washington D.C., and Puerto Rico. The teams have completed a landmark "Organizational Health Index" Survey to capture the perspectives of VHA employees nationwide, and VA has provided access to

its data, systems, and records by sharing over 1,000 data sets, reports, and other critical documentation.

A Blue Ribbon Panel of 16 healthcare experts, with substantial executive-level experience, has held two meetings and will continue to do so to regularly advise CAMH on the independent assessment. This panel, along with CAMH and their sub-contractors, will ensure that the recommendations resulting from Section 201 meet the needs of Veterans and establish a foundation for transforming VA into the preeminent 21st-century model for improving health and well-being.

New Residency Program Positions

The Veterans Choice Act provided VA the opportunity to expand physician residency positions by up to 1,500 positions over five years. The law gives priority to the disciplines of primary care and mental health and to sites new to Graduate Medical Education (GME), in health professional shortage areas, or with high concentrations of Veterans.

VHA has conducted extensive outreach to the academic community to ensure we generated interest in these new residency positions. The first Request for Proposals (RFP), released in the fall of 2014, resulted in 204 positions being awarded to VA sites and their academic affiliates. These first residents will start July 1, 2015. The process for distribution of the Veterans Choice Act positions continues, with the second of five annual RFPs anticipated for release in late spring/early summer 2015. VA plans to award between 200-325 positions each year for the next four years.

As part of the Veterans Choice Act expansion, facilities new to GME (or with extremely small residency programs) were offered funds for infrastructure support. These funds will offset specific administrative or clinical costs incurred in running a residency program and will enable these smaller facilities to become more successful in hosting residency programs. Last, in order to encourage small VA facilities to engage in residency education, VA will issue planning grants to incentivize the formation of new affiliation relationships.

Conclusion

We are grateful for the close working relationship with Congress as we make progress in implementing the Veterans Choice Program. Mr. Chairman, we will

continue to work with Veterans, Congress—especially this committee—VA community care providers, VSOs, and our own employees to ensure the Choice Program is working well and delivering great healthcare outcomes for Veterans.

I again thank the Committee for your support and assistance, and we look forward to working with you in improving the lives of America's Veterans.