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**STATEMENT OF
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BEFORE THE
COMMITTEE ON VETERANS' AFFAIRS
UNITED STATES SENATE
JANUARY 21, 2016**

Mr. Chairman and Members of the Committee:

Thank you for inviting DAV (Disabled American Veterans) to submit this statement for the record of today's hearing. As you know, DAV is a congressionally chartered national veteran's service organization of 1.3 million wartime veterans, all of whom were injured or made ill while serving on behalf of this nation.

Your invitation letter indicated the focus of today's hearing is to assess the Department of Veterans Affairs (VA) and its efforts and plans to modernize its benefits and health care system. You asked that we identify any issues or barriers that we believe VA may face in advancing its planned and proposed reforms. We appreciate the opportunity to share our views and recommendations in this regard.

Mr. Chairman, in recent years, VA has undertaken a number of modernization initiatives, including a claims processing transformation that has helped to reduce the backlog of claims by more than 80 percent, and is now shifting to focus on appeals. Another major system-wide effort is the MyVA initiative. Launched by the VA on September 2, 2014, the MyVA Integrated Plan was designed to reorient VA around veteran needs and empower employees to assist in providing them with a seamless, integrated and responsive customer service experience — whether they arrive at VA digitally, by phone or in person. MyVA is the largest department-wide transformation in VA's history and is intended to coalesce ideas and insights shared by veterans, employees, members of Congress, veteran service organizations, and other stakeholders. VA's goal is to modernize its culture, processes and capabilities in addition to consolidating its community care programs.

The MyVA framework for restructuring includes four basic pillars:

1. The establishment of a new VA-wide customer service organization, led by a chief customer service officer who will report to the Secretary;
2. The incorporation of a single, regional framework to allow veterans to more easily navigate the VA through simplified internal coordination;
3. The creation of *Community Veteran Advisory Councils* that will work to coordinate veteran-related service delivery with local, state and community partners; and

4. The identification of opportunities to restructure internal business processes into a shared services model, thereby improving efficiency and productivity and reducing costs.

According to VA the first phase of the MyVA plan includes creating a task force and building the team to support the mission and an organizational change of this breadth with a focus on five key areas of improvement:

- Improving the veteran experience;
- Improving the employee experience so they can better serve veterans;
- Improving internal support services;
- Establishing a culture of continuous improvement; and
- Enhancing strategic partnerships.

VA reports that veterans are already seeing the impacts of changes made through the MyVA initiative. At the suggestion of VA employees, the Department notes it has recently improved customer service at call centers; started up VA 101 training for employees; improved veteran access to audiology and optometry appointments; modernized *Veterans Crisis Line* (VCL) operations; implemented memorial affairs pre-need eligibility screening; and stopped printing and mailing certain unnecessary and costly paper reports.

VA reports that by the end of 2016, MyVA should accomplish the following improvements for veterans:

- A single customer facing website that veterans can use to do business with VA (initial capability in fall 2015, with additional incremental capability being built through June 2017);
- A unified “VA311” enterprise-wide approach that veterans can use to easily find information via telephone;
- A way for veterans to update or change their authoritative data in one place, one time, and have that information available and securely shared throughout VA;
- Greater VBA presence in VHA facilities to increase benefits access and enhance service;
- 100+ MyVA Communities established across the Nation;
- A more consistent level of customer service in every interaction—enabled by consistent front-line training across VA and measured by operational metrics; and
- The establishment of a *Veterans Experience (VE)* office at both national and district levels to bring a new lens to how VA analyzes and designs the services provided to veterans. According to VA, the VE office is not intended to be another layer of management or bureaucracy, but will:

- Work collaboratively with local facilities in analyzing and designing better customer interactions and the tools that support them;
- Develop and deliver customer service training curricula and methodologies;
- Keep a close eye on customer service performance to make sure the right issues are being addressed in the right ways; and
- Implement better ways to help veterans navigating through the range of services within VA.

Additionally, by the end of 2016, VA intends to accomplish the following for employees:

- Deliver VA 101 training to approximately 50 percent of employees to improve their knowledge and understanding of VA’s history and services;
- Conduct front line customer service training pilots in each of its five Districts;
- Expand leadership development programs;
- Vastly improve employee communications;
- Complete standardized staffing models, with vacancies filled for mission critical occupations;
- Improve and streamline recruitment and hiring practices for VA facilities; and,
- Establish better linkage of organizational and performance measures to VA Goals and Objectives.

VA also intends to fully transition to a five-district configuration to align unequal organizational boundaries of the Department into a single framework based upon state boundaries. The goal is to:

- Ease internal coordination challenges;
- Enhance collaboration amongst all of VA’s nine business lines, which will continue to remain responsible for their respective services and benefits;
- Standardize performance measurement;
- Enhance collaboration with external stakeholders; and finally
- Prepare for the rollout of the *VE office*, which will support VA product and service lines in the delivery of excellent care and benefit experiences.

VA notes if done properly, it will build a high-performing organization that will be nimble enough to continually change and improve. The Secretary came into VA during a crisis and a low point for the Department and we acknowledge his hard work and that of his team to properly assess and lay out a comprehensive plan to improve systemic business practices as well as his dedication to the VA’s core mission of serving veterans and efforts to improve the veterans experience. DAV believes the Secretary’s plan is thoughtful and heading in the right direction. Most importantly it focuses, at its core, on the veteran, as it should. We concur with VA that this transformation will take time. The question now before us is VA’s estimated timeline and progress toward accomplishing its goals, and what needs to be done by the Administration and by Congress to aid and support these proposals. In addition, we must be cognizant of the time required for such major changes to fully take effect. As the Independent Assessment of the VA health care system produced last year by MITRE, Rand and other cautioned, *“Most transformations take at least 12 to 18 months for initial impact, and transformations of the magnitude needed at VHA may take 5 to 10 years to fully take hold.”* (Independent Assessment, Integrated Report, page 61)

We believe that the current MyVA initiative taking place will go a long way towards improving the veteran’s experience and satisfaction with VA. Furthermore, we recommend that Patient Advisory Councils be established to act as a catalyst advocating integration of patient-centered care across the facility. Such councils are not new and have been proven to be an effective strategy for involving patients and their family to improve the quality in patient care. Veteran patients and their family caregivers are often the most knowledgeable members of the

VA health care team, and can offer unique perspectives and valuable feedback regarding the standard of care they receive.

Mr. Chairman, the other major transformation that must take place is to evolve the VA health care system to address longstanding access issues that erupted two years ago in Phoenix. As Congress, the media and ultimately VA discovered, thousands of veterans had been waiting too long to access the VA health care system to receive medical services they had earned. In response, Congress rushed to pass the Veterans Access Choice and Accountability Act (VACAA) to create a new procedure to provide non-VA health care access to veterans on an emergency and temporary basis, appropriating \$10 billion in emergency funding for a new “choice” program. The law also provided \$5 billion for VA to rebuild its internal capacity to deliver care, primarily by expanding usable treatment space and hiring more doctors and nurses. As noted previously, it required an independent assessment of the VA health care system and established a Commission on Care to develop recommendations for providing quality, accessible health care to veterans over the next 20 years.

Since the troubling events in Phoenix, DAV has presented our views and recommendations to the VA Secretary of Veterans Affairs (VA) and other senior VA officials, as well as to this Committee and others in Congress, on numerous occasions. Our focus has always remained the same: what is best for veterans. Based on our experience and the needs of millions of injured and ill veterans, we have repeatedly called for preserving, strengthening and reforming the veterans health care system so that DAV members and all eligible veterans may continue to enjoy the unique benefits and vital services provided by VA well into the future.

At the same time, we recognize that VA has flaws and shortcomings that must continually be addressed through cultural and systemic reform. For decades DAV has worked in conjunction with our partner organizations in the *Independent Budget* (IB) to highlight necessary systemic changes and the need for modernization of VA’s HR policies, aging infrastructure and IT systems.

Over the past year, DAV and our IB partners have developed a comprehensive framework for VA health care reform based on the principle that it is the responsibility of the federal government to ensure that disabled veterans have proper access to the full array of benefits, services and supports promised to them by a grateful Nation. This view was clearly echoed in DAV’s national Pulse Survey released last November, in which the vast majority of veterans (87%) responded that the federal government should provide a health care system dedicated to the needs of ill, injured and wounded veterans. Such a system must provide high-quality, accessible, comprehensive, and veteran-centric health care designed to meet the unique circumstances and needs of those who served. In order to achieve that goal, DAV and our partners in the IB have developed a comprehensive framework for such reform that has four pillars:

- I. Restructure our nation's system for delivering health care to veterans, relying not just on a federal VA and a separate private sector, but instead creating a local community networks that optimize the strengths of all health care resources to best meet veterans' needs;

- II. Redesign the systems and procedures by which veterans access their health care with the goal of expanding actual, high-quality, timely options; rather than just giving them hollow choices;
- III. Realign the provision and allocation of VA's resources so that they fully meet our national and sacred obligation to make whole those who have served; and
- IV. Reform VA's culture to ensure that there is sufficient transparency and accountability to the veterans this system is intended to serve.

The framework we have proposed is consistent with VA's New Veterans Choice Plan sent to Congress. In addition to consolidating most non-VA community care programs, the new VA plan also seeks to create a network of both VA and community providers to provide veterans a seamless system in the future. In our framework, we proposed creating local Veterans-Centered Integrated Health Care Networks to seamlessly integrate community care *into* the VA system to provide a full continuum of care for veterans. VA would be the coordinator and principal provider of care, particularly its primary care model with integrated mental health care, which is more likely to prevent and treat conditions unique to or more prevalent among veterans, particularly those with disabilities or chronic conditions.

VA has also proposed that an urgent care benefit for veterans be established. In our framework, we had proposed that VA increase its capacity to deliver urgent care at existing VA medical facilities and develop additional capacity by establishing urgent care clinics around the country to create new options in the treatment space between emergency care and primary care.

Another critical component of our framework recommends moving away from arbitrary federal access standards, such as VA's current 40-mile and 30-day standards. For too many veterans, particularly those with severe disabilities and chronic conditions, 40 miles may be too far to travel and 30 days far too long to wait for urgent conditions. Rather than a system that empowers bureaucrats, any future veterans health care system must ensure that access to care is a question for veterans and their doctors. Decisions about when and where veterans can receive medical treatment are clinical decisions that should be made between the veteran and his or her doctor, not legislators, regulators or bureaucrats. We note that VA is already moving in this direction based on the guidance provided with their newest choice regulations.

Overall, we are pleased that many of our recommendations have been incorporated into VA's new plan; however, unless VA has the resources to implement these or better plans, real reform will not be possible.

There were several critical findings in Independent Assessment worth noting. Initially, *"...increases in both resources and the productivity of resources will be necessary to meet increases in demand for health care over the next five years..."* with a core recommendation of *"increasing physician hiring..."* (Page B-3) They also identified the key barriers that limited provider productivity, including *"a shortage of examination rooms and poor configuration of space"* and *"insufficient clinical and administrative support staff,"* all of which would require additional funding for the VA health care system. Furthermore, the Independent Assessment

found that the, "...capital requirement for VHA to maintain facilities and meet projected growth needs over the next decade is two to three times higher than anticipated funding levels, and the gap between capital need and resources could continue to widen." (Page K-1) and they estimated this gap at between \$26 and \$36 billion over the next decade. The findings of this Independent Assessment are fully consistent with what DAV and our IB partners have said for more than a decade: the resources provided to VA health care have been inadequate to meet the mission to care for veterans, which fueled access problems.

To be clear, we do not believe that simply increasing funding by itself—without making some significant reforms to the VA – will lead to better health outcomes for veterans over the next 20 years. However, no VA reform plan has any chance of success unless sufficient resources are consistently provided to meet the true need and demand for services by veterans, when and where they need them. VA recently testified that by improving access to care, their New Choice Plan will increase both enrollment and utilization of the VA health care system, and would cost up to an additional \$10 billion per year to meet the increased demand of current and new veterans. We believe additional funding will be essential for success as will some additional flexibility.

As you will recall, last year VA reported a funding shortfall due to a significant increase for new medical treatment for hepatitis C patients and of veterans seeking care both inside VA and through community care programs. By last summer, it became clear that numerous facilities had spent so much money on contract and fee-basis services from their Medical Services appropriation (outside the fenced Choice Fund) that they were running out of funds to operate facilities. However, even though there was sufficient money in the Choice Fund, VA had no ability to utilize those funds to provide necessary care to veterans. Ultimately, legislation was enacted to make a one-time transfer to meet VA's shortfall. That same law also required VA to produce a plan to consolidate non-VA care programs, which was discussed above. To avoid the possibility of such a crisis occurring again, Congress must work with VA to ensure there is sufficient flexibility in law or regulation to allow such contingencies to be quickly resolved, while ensuring proper oversight and accountability to the clear purposes of every Congressional appropriation.

In order to ensure VA has the capacity to meet veterans' demand for health care services VA must also modernize its personnel practices by removing unnecessary and often counterproductive restrictions to its hiring process. Some of these restrictions are embedded in appropriations law; others, in civil service law or in title 38 of the Code. In order to help VA to attract and keep quality employees needed by VA to implement the new plan, these restrictions must be lifted. With morale so low after two years of scandal and negative media coverage, it is vitally important that VA be given new tools to hire the best and brightest to care for our nations heroes.

Mr. Chairman, DAV and our members urge serious reform of the VA health care system to address access problems while preserving the strengths of the VA system and its unique model of care. An overlooked finding from the Independent Assessment is its analysis of VA's quality, which confirmed what we, other veterans organizations and most studies have been

saying for years: when veterans get access to VA care, the quality is high. Specifically, the Independent Assessment found that:

"In new analyses comparing VHA's quality with non-VA providers, VHA performed the same or significantly better on average than the non-VA provider organizations on 12 of 14 effectiveness measures (providing recommended care) in the inpatient setting, and worse on two measures. On average, VHA performed significantly better on 16 outpatient Healthcare Effectiveness Data and Information Set® (HEDIS) measures of effectiveness compared with commercial health maintenance organizations (HMOs); on the 15 outpatient HEDIS measures of effectiveness that were available for Medicaid HMOs; and on 14 of 16 outpatient effectiveness measures compared with Medicare HMOs."

While VA outperforms the private sector on average – the IA notes that across the system the quality of care is quite variable, reflecting there is much work to be done.

In conclusion, overall, we are pleased that many of our recommendations have been incorporated into VA's new plan, although our framework goes farther, addressing such matters as infrastructure, planning and budgeting, all explained in greater depth in the IB Framework for Veterans Health Care Reform, previously presented to this Committee. We feel confident that if the VA plan is enacted, with our recommendations and improvements, veterans will have more options to receive timely, high-quality care closer to home in the future.

Thank you for inviting DAV to submit this testimony. We would be pleased to further discuss any of the issues raised by this statement, to provide the Committee additional views, or to respond to specific questions from you or other Members.