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**STATEMENT OF
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BEFORE THE
SUBCOMMITTEE ON HEALTH OF THE
COMMITTEE ON VETERANS' AFFAIRS
UNITED STATES HOUSE OF REPRESENTATIVES
JUNE 13, 2018**

Mr. Chairman and Members of the Subcommittee:

Thank you for inviting DAV (Disabled American Veterans) to testify at this legislative hearing of the Subcommittee on Health of the House Veterans' Affairs Committee. As you know, DAV is a non-profit veterans service organization comprised of more than one million wartime service-disabled veterans that is dedicated to a single purpose: empowering veterans to lead high-quality lives with respect and dignity. DAV is pleased to offer our views on the bills under consideration by the Subcommittee.

**H.R. 2787, the Veterans-Specific Education for Tomorrow's Medical Doctors Act
or VET MD Act**

H.R. 2787 would establish a three-year pilot project instituting a clinical observation program for students enrolled in a "pre-med" or science curriculum who plan to attend medical school. Students would spend a certain number of hours observing a practicing physician to expose the student to a variety of health care experiences. The pilot would be established at no fewer than five Department of Veterans Affairs (VA) medical centers. The goal of the pilot is to increase awareness among America's future physicians related to veterans' issues. It is also intended to raise cultural awareness and sensitivity in addressing their specific health care concerns, as well as engender interest in pursuing medical careers, in general, and particularly, within the Department, in these students. Following the program, participants would be asked to fill out a "reflection" survey, developed by VA, about their experience.

Mr. Chairman, DAV has no resolution on the development of such a program within VA, but believes the intent of this legislation is in keeping with the goals of developing a more robust field of candidates for medical professions employed by the VA and ensuring more medical professionals in the community have some awareness and understanding of veterans' unique medical issues. We therefore have no objection to this legislation's favorable consideration.

H.R. 3696, the Wounded Warrior Workforce Enhancement Act

H.R. 3696 would require the VA Secretary to award grants to educational institutions of \$1 million to \$1.5 million to create or expand master's degree programs in orthotics and prosthetics. An appropriation of \$15 million would be made available through the end of fiscal year (FY) 2020 with unexpended obligations returned to the U.S. Treasury at that time. Initially, VA would be required to establish a request for proposal for awarding these grants. Only educational institutions that have accreditation by the National Commission of Orthotic and Prosthetic Education and ones that demonstrate the ability to meet accreditation requirements would be eligible to receive grants. Priority for grants would be given to programs that establish clinical rotations with the VA. The Secretary may also require an institution to demonstrate its commitment to continue the program after the VA grant expires. Finally, the bill would require the Secretary to award a grant of \$5 million to establish a Center of Excellence in Orthotic and Prosthetic Education in the private sector.

DAV notes the need to develop additional orthotic and prosthetic expertise in the private sector based on the Bureau of Labor Statistics projection of a 22 percent growth in need for these professionals between 2016 and 2026 due to the aging of "baby boomers" who are prone to diabetes and cardiovascular conditions that may cause limb loss and be in need of these specialized services.

However, the Veterans Health Administration (VHA) is not reporting difficulty in recruiting or retaining orthotists and prosthetists and notes its training capacity (about 20 residents in 2017) is adequate to serve the needs of the Department. In contrast, the Department does have notable shortages in medical officers, nurses, psychologists and medical clerks. Dedicating \$15 million to train students who will primarily provide care to patients outside of VA may further impair VHA's ability to hire more in demand care providers. Additionally, VA currently has five centers of excellence in prosthetic research associated with academic affiliates which creates a number of opportunities for interns and students from affiliated institutions to provide care to veterans in VA.

For these reasons, DAV is unable to support H.R. 3696 at this time.

H.R. 5521, the VA Hiring Enhancement Act

H.R. 5521, the VA Hiring Enhancement Act, would render "non-compete" agreements between an applicant for VA employment and a previous employer non-applicable with regard to VA employment. Employees appointed with this understanding would be required to serve out the length of their non-compete agreement within their VA position or serve in that position for at least one year (whichever is longer). The bill intends to allow VA, on a contingent basis, to begin recruiting and hiring physicians up to two years before they complete their residency, as well as physicians who have completed their residencies leading to board certification.

These contingent appointed physicians must satisfy VA's requirements to receive a permanent appointment.

DAV fully supports efforts to recruit, retain and develop a skilled clinical workforce to meet the needs of veterans. We appreciate the goal of this legislation aimed at creating as large an applicant pool for qualified medical professionals to treat our service disabled veterans as possible in VA. DAV Resolution No. 228 calls for effective recruitment, retention and development of the VA health care workforce. Because this measure attempts to reduce barriers for employment at VA for physicians; we are pleased to support the bill's passage.

H.R. 5693, the Long-Term Care Veterans Choice Act

In accordance with DAV Resolution No. 227, calling for legislation to improve the comprehensive program of long-term services and supports for service-connected disabled veterans regardless of their disability ratings, DAV supports this measure.

If enacted, this measure (H.R. 5693) would provide veterans who are no longer capable of living independently an alternative to nursing home care, in which the veteran would continue to receive the care that they need in an intimate home-like environment through VA's Home-Based Primary Care program, and the Medical Foster Home (MFH) attendant. Medical Foster Homes are a type of Community Residential Care by which veterans with serious chronic disabling conditions requiring nursing home level care and coordination of services are able to receive these services in a non-institutional setting. Patient participation in the MFH program is voluntary and veteran residents report very high satisfaction ratings.

Currently, the administrative costs for VA per veteran in the MFH program, including the cost of Home Based Primary Care, medications and supplies average less than \$63 per day. However, veterans who qualify for nursing home care fully paid for by the government, must pay the full cost for room, board, and personal assistance out of their own pocket, which averages to be about \$110 per day to live in a MFH.

Veterans who wish to reside in a Medical Foster Home but are unable to pay approximately \$1,500 to \$3,000 per month are not able to avail themselves of this benefit, so many are placed in nursing homes at much greater cost to VA. This measure would address this inequity by giving VA a three-year authority to pay for veterans, who would qualify for VA-paid nursing home care placement, so they can reside in a VA-approved MFH.

As the veteran population continues to age, the need for long-term care services will continue to grow. Home-based community programs like MFHs will enable VA to meet the needs of aging veterans in a manner closer to independent living than institutionalized care. With the passage of this bill, veterans would have the option of care that more closely aligns with their independence while maintaining their quality of life.

H.R. 5864, to direct the Secretary of Veterans Affairs to establish qualification for the human resources positions within the Veterans Health Administration

H.R. 5864, the VA Hospitals Establishing Leadership Performance Act would require the Secretary of Veterans Affairs to establish qualifications and standardized performance metrics for each human resources position within the Veterans Health Administration within 180 days of enactment. Upon establishing such qualifications and standardized performance metrics for these positions, VA would be required to submit a report to Congress. The Comptroller General would then be required to submit a report describing implementation of the qualifications and performance metrics and assess the quality of such measures within 180 days.

DAV supports this legislation in accordance with DAV Resolution No. 228, which calls for a simple-to-administer alternative VHA personnel system, in law and regulation, which governs all VHA employees, applies best practices from the private sector to human capital management, and supports pay and benefits that are competitive with the private sector and DAV Resolution No. 221, which supports VA's use of meaningful and clearly articulated measures to gauge employees' performance.

VA acknowledges the need for reforming its human capital management system, but leadership has not always provided strong guidance, oversight or resource support to carry out such reforms. VA's human capital management is also hampered by the Department's current IT systems that provide organizational data and by its real and perceived need to comply with a collection of byzantine laws, regulations, and internal policies that guide its functions.

In VA's latest Strategic Plan, it states: "A robust human capital management capability is paramount to VA's ability to effectively and efficiently employ its workforce in service to Veterans."¹ The plan identifies several strategies to modernize its human capital management capabilities objective including:

1. Standardize Human Capital Policies Enterprise-wide
2. Improve Staffing to Ensure a Qualified VA Workforce is in Place
3. Improve Leadership and Workforce Competency
4. Institute Manpower Management to Optimize VA Human Capital Resources

Many organizations have opined about improving VA's competency and performance of human resources staff including the Commission on Care, the Government Accountability Office and the CMS Alliance to Modernize Healthcare Federally Funded Research and Development Center who produced the Congressionally mandated Independent Assessment of the Health Care Delivery Systems and Management Processes of the Department of Veterans Affairs. All

¹ Department of Veterans Affairs: Strategic Plan 2018-2024. P. 30

indicate that system-wide improvement requires systemic change which would fundamentally alter the current operations, leadership, and inputs (including informatics and policy guidance) of the current human capital management system.

DAV believes H.R. 5864 offers a good starting point for the fundamental overhaul of VA's human capital management system needed within the Department, but it is just a start. While standardized position descriptions with corresponding performance measures must be developed, VA also needs to ensure that it streamlines and simplifies policies surrounding such practices as recruitment and hiring. It must create specialists within the system who are informed by best practices in such functional areas as recruitment, retention, staff development, employee benefits, and performance management as well as expertise in important clinical staff professions such as doctors, nurses, allied health professionals and clinical support staff.

As long as VA must work with four personnel hiring authorities, each with its own requirements, specialists within VA's Central Office or the VISN must understand the intricacies of each. These specialized experts can serve as consultants to field level specialists who are actually performing the functions. VA human resources professionals will certainly require better informatics and many may require training to overcome deficits in core competencies to meet the minimal qualifications of new position descriptions. Most importantly, Human Capital Management Reform will require a long-term commitment from VA's leadership and Congress. The core position descriptions developed under H.R. 5864 will not be valuable if VA is unable to hire or develop the human talent necessary to fill these positions.

Congress should maintain oversight and continue to work on ways to simplify personnel policies and procedures for the Department, including working toward a system that administers personnel matters under a single system and is driven by best practices within the federal government and private sector. This will limit the need for expertise in so many systems and may make VA more responsive to market factors that affect hiring and retaining the best talent. Only when a systemic approach to reform is taken, will VA be able to optimize human capital management to identify more effective ways to use its scarcest resource—well trained and compassionate people who effectively provide care to our nation's veterans.

H.R. 5938, the Veterans Serving Veterans Act

This bill would establish a vacancy and recruitment database to facilitate the recruitment of certain members of the Armed Forces to satisfy the occupational needs of the VA and establish a training and certification program for intermediate care technicians within the Department. We support H.R. 5938 based on DAV Resolution No. 228, which calls for effective recruitment, retention and development efforts within VA.

This bill also recognizes the service member's military vocational training as being valuable in the civilian workforce. DAV Resolution No. 248 calls for the elimination

of employment barriers that impede the transfer of occupations to the civilian labor market. This bill is in the spirit of that goal.

DAV and our *Independent Budget* (IB) partners have also urged Congress to support improvements to the VA's human capital management systems by providing the necessary funding and authorities to implement system reform and for VA to utilize the broad-based recruitment and employment incentives available in order to attract workforce talent and to remain competitive in various workforce markets.

The IB partners acknowledge that VA's HR system is complicated and therefore demands a holistic approach to workforce development that allows VA to recruit, train, and retain a high-quality workforce of talented and compassionate professionals capable of caring for our veterans, while simultaneously ensuring that VA has the authority to properly reward and hold employees accountable. This must include acknowledging that employee experience is equally vital to its transformation efforts. If Congress is intent on helping VA transform its culture and workforce, we suggest the Department is provided the leverage to hire employees more quickly and offer compensation that is competitive and commensurate with their skill levels.

In addition, it should be noted that this bill could help the transition process from military to civilian life, a process that can be difficult for many separating service men and women. By allowing the VHA to directly hire separating service members, it allows the Department to inquire about an applicant's skills and qualifications that would likely otherwise go unnoticed in the current process and would provide the veteran employment from day one aiding in a successful transition from military to civilian life.

With passage of this measure, Congress would ensure that the VA is hiring highly skilled and culturally invested applicants and would showcase the military as one of the nation's finest providers of vocational training.

H.R. 5974: The VA COST SAVINGS Enhancement Act

The VA COST SAVINGS Enhancements Act would require VA to conduct a cost analysis model to determine if the installation and use of an on-site medical waste treatment system, in selected VA medical facilities, will result in a cost-savings over a 5 year period.

Currently, biohazardous medical waste, specifically items contaminated by body fluids and deemed potentially infectious, must be disposed of off-site at specially designated regional disposal centers. This bill proposes the use of on-site sterilization machines to compact "red bag" medical waste to destroy microbial life, thus rendering the hazardous bio-waste material safe for routine disposal.

DAV does not have a resolution specific to this issue and takes no position on the bill.

Draft bill, to improve the productivity and management of VA health care facilities

This bill would amend current law requiring the VA Secretary, in managing the VA health care system, to establish a new management authority tracking relative value units (RVU) for all VA providers, provide training for all VA providers on clinical procedure coding, and establish performance standards to evaluate clinical productivity based on nationally recognized RVUs for each profession and each VA medical facility.

Public Law 107-135 mandated that VA establish a nationwide policy to ensure medical facilities have adequate staff to provide appropriate, high-quality care and services. In this regard, VA's current policy outlines productivity and staffing for Specialty Group Practice providers, Mental Health and Emergency Medicine. Of the total RVU, which consists of three components: work performed (wRVU), practice expense (peRVU), and malpractice (mpRVU) expense, VA's policy on productivity measurement only uses wRVU, which is perhaps the best known and most-often utilized RVU component. When VA specialty provider group practices are out of production range for its specialty and peer grouping, remediation plans are required to be developed, reviewed, receive concurrence from leadership, and implemented to improve specialty physician group practice productivity.

Previous testimony before this Subcommittee on factors affecting clinical productivity noted the following:

- 1) The number of patients assigned to VHA general primary care providers is 12 percent lower than the private sector benchmark for patients of a similar acuity.
- 2) With respect to specialty providers, [] analysis shows that VHA specialists are less productive than their private sector counterparts on two industry measures – encounters and work relative value units (wRVUs). Many specialties fall in the 50th percentile of private sector providers; others are as low as the 25th percentile. However, when encounters (visits) are used as a measure, the gap shrinks and VHA specialty care compares more favorably to the private sector. In a system as large and varied as VHA, we did find variation in the relative productivity of providers. For instance, specialty care providers at the most complex facilities were found to be more productive than their peers, and the most productive VHA providers (those at the 75th percentile of VHA providers) are often more productive than the private sector. Mental health provider productivity at VHA was calculated to be in the 100th and 72nd percentiles as measured by both wRVUs and encounters, compared to industry benchmarks.

Because relative value units may not capture other factors that impact health care productivity (compared to the private sector, VA providers have a lower room-to-patient ratio and have significantly fewer nurses and administrative support staff), we urge the Subcommittee consider these proximate factors in requiring VA to track productivity. VA's own management tool, the Specialty Productivity Access Report and Quadrant, recognizes this in part by including some support staff ratios in assessing

productivity and staffing standards. Supporting infrastructure issues are addressed in remediation plans.

Moreover, recognizing the methods to measure and determine productivity, budgeting, allocating expenses, and cost benchmarking continue to evolve, as well as VA's work to address four recommendations in the June 23, 2017, Government Accountability Report, we recommend the Subcommittee consider under paragraph 2 to include subparagraph "(c) other productivity measures and models determined appropriate by the Secretary."

Finally, we recommend the Subcommittee make clear whether the remediation plan required by this bill is intended to affect the remediation plan in Section 109 of S. 2372, the John S. McCain III, Daniel K. Akaka, and Samuel R. Johnson VA Maintaining Internal Systems and Strengthening Integrated Outside Networks Act of 2018 or the VA MISSION Act of 2018.

Mr. Chairman, we must acknowledge that the VA health care system is unlike most private sector health care systems in that its resources are distributed by a capitation system to more equitably allocate funds across a health care system that spans this nation and its territories. While all funding models have strength and weaknesses, in a capitation model there is strong incentive to conserve resources to focus more on value than volume unlike fee schedule or other retrospective payment models.

Policy proposals to manage inpatient and outpatient clinical productivity in such a health care system must recognize and work within these specific operating environments to achieve the appropriate balance of efficiency and effectiveness while preserving the high quality care VA provides to our nation's ill and injured veterans.

This concludes my testimony, Mr. Chairman. DAV would be pleased to respond for the record to any questions from you or the Subcommittee Members concerning our views on these bills.