Statement of

Concerned Veterans for America

before the

House Veterans Affairs Committee

concerning

From Tumult to Transformation: The Commission on Care and the Future of the VA Healthcare System

September 7th, 2016

Chairman Miller, ranking member Takano and distinguished members of the committee, thank you for allowing Concerned Veterans for America to submit for the record on this important issue. In 2014, as the nation stood in shock at the revelation that VA had manipulated data contributing to the deaths of veterans, Congress acted quickly, passing the Veterans Access, Choice and Accountability Act of 2014. That legislation included, among other things, a requirement that a commission be established in order to examine the state of VA health care and to make recommendations as to how it might be improved. On June 30th, 2016, the Commission on Care released its final report outlining its recommendations for the future of VA health care after nearly nine months of deliberation.

The Commission had a legislative mandate requiring the implementation of all recommendations that the President considers feasible, advisable, and able to be implemented without legislation. Thus, it was uniquely empowered to make bold recommendations regarding the future of veteran health care.

As was shown by the Independent Assessment—which was also mandated by the Veterans Access, Choice and Accountability Act of 2014 and was released in September, 2015—"Solving [the] problems [at VA] will demand far-reaching and complex changes that, when taken together, amount to no less than a system-wide reworking of VHA."[1] Unfortunately, the Commission's recommendations amount to far less.

[1] The MITRE Corporation. (September, 2015*). Independent Assessment of the Health Care Delivery Systems and Management Processes of the Department of Veterans Affairs Volume I: Integrated Report*, 17.

To be sure, there are aspects of the recommendations that represent real progress for veteran health care delivery.

Currently, veterans who use VA are the only constituency in the country that does not, as a matter of course, have choice in how they receive their health care—including federal employees and Medicaid users. The Commission's recommendations aim to give veterans increased options in this regard. Injecting the principle that veterans should have the same opportunities as the rest of the population to select the health care delivery that best suits their needs is a step in the right direction; this is progress.

Furthermore, the Commission recommends that the governance of VHA be restructured to include a board of directors. This is a recommendation that has resurfaced time and again, from the 2009 report of the Commission on the Future for America's Veterans[2]—whose signatories included representatives of The American Legion and Disabled American Veterans—to the *Fixing Veterans Health Care Task Force Report* put forth by our organization. Currently, VA governance—a combination of bureaucratic and congressional management—functions to undermine rationalization of VHA operations. As the Commission's final report states "New governance and changes to assure continuity of leadership are critical to meeting the needs of VHA and veterans who depend on it. At the core of this foundational recommendation, the Commission calls for establishing a VHA board of directors".[3] This is also progress.

In addition, the recommendations include an appeal to Congress to "enact legislation, based on DoD's BRAC model, to establish a VHA capital asset realignment process to more effectively align VHA facilities and improve veteran's access to care."[4] This much-needed VHA facility realignment would allow under-utilized and outdated facilities to be jettisoned, allowing the funds required for up-keep to be redirected toward caring for veterans. As the report notes, "If VA could sell, repurpose, or otherwise divest itself of unused or underutilized buildings in a timely, cost-effective manner, it would free funds for the purposes for which they are appropriated."[5]

Unfortunately, however, the recommendations stop short of bold transformation that would constitute a true "system-wide reworking," opting instead for a set of recommendations that, as mentioned, have good aspects, but are unlikely to ultimately address the problems that VA faces.

Over the course of the Commission's meetings, some in the media began to preemptively question the very legitimacy of the Commission by questioning the notion that there had, in fact, been a scandal at VA at all, and noting that the Commission had been created out of the legislative response to the scandal. This was, apparently, because there was fear regarding what kinds of proposals might be put forth by the Commission. While these attempts at de-

[2] Walters, H. et al. (2009, December). *Commission on the Future for America's Veterans: Preparing for the Next Generation. Commission on the Future for America's Veterans*.
[3] Schlichting, N. et al. (June, 2016), *Commission on Care Final Report*. 98.
[4] Ibid., 60.
[5] Ibid., 61.

legitimization of the Commission were largely unsuccessful, the relative timidity of the Commission's final report reflected the effects of the attacks.

Though it is true that the recommendations incorporate the principle of choice, they effectively leave VA at the center of the decision-making process regarding where and how veterans receive care.

The recommendations stipulate that VA should establish "Integrated community-based health care networks" in response to the "misalignment of capacity and demand that threatens to become worse over time".[6] This, no doubt, is the result of the Commission attempting to "split the difference" between the measures required to create a truly high-preforming, veteran-centric system and the scruples of some stakeholders whose lack of imagination or ideological pre-commitments constrain the range of possibilities that they will entertain. While this recommendation understandably attempts to balance concerns about care coordination with increased choice, by insisting that VA remain in control of credentialing providers, VA remains very much at the center of the decision-making process—not the veteran.

Furthermore, the establishing and credentialing of provider networks—which *sounds* like a relatively simple task—is actually far more complicated than it seems. The Commission's recommendation essentially proposes a system that resembles TRICARE Prime—a system that has proven unworkable. In fact, last year the Military Compensation and Retirement Modernization Commission (MCRMC) recommended it be replaced by "TRICARE Choice," an updated model which would allow "beneficiaries to choose from a selection of commercial insurance plans offered through a Department of Defense health benefit program."[7] As Military Times reported, "Under that proposal, beneficiaries would choose a health plan from a menu of programs compiled by the federal Office of Personnel Management, similar to the health plans offered to federal employees."[8] Considering that VA has had difficulty meeting its current responsibilities, it is not easy to see how it can be expected to effectively do what the Department of Defense was unable to with TRICARE Prime.[9]

The Independent Assessment admonishes that VA is in need of a "system wide reworking" in order to meet its responsibilities. Maintaining the current system as-is, while tacking on the added responsibility of establishing and operating networks based loosely on a failed model, would only compound VA's challenges.

There are three other areas where the recommendations are deficient.

First, there is a need, before anything else, to analyze and update the overall eligibility and benefits package to determine whether and to what extent it needs to be altered. The

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[6] Ibid., 23.

[7] Maldon, A., et al. (January, 2015) *Report of the Military Compensation and Retirement Modernization Commission*, 79.

[8] Kime, Patricia, "Tricare Choice: What's in it for you?," *Military Times*, March 16, 2015, http://www.militarytimes.com/story/military/benefits/health-care/2015/03/16/commission-proposes-tricare-choice/24458697/.

[9] In 2013, TRICARE made some fairly drastic changes to, and reductions in, the availability of TRICARE Prime. For an overview see, for example, http://uhs.fsu.edu/insurance/newDocs/PSA_Reduction_FS.pdf.

Commission recommendations rely on an outdated eligibility and benefit package that has not been critically analyzed and updated since the enactment of the Veterans' Health Care Eligibility Reform Act of 1996. Recommendation Number 18 proposes the "Establish[ment of] an expert body to develop recommendations for VA care eligibility and benefit design."[10] Until the VA eligibility and the benefits package is updated and modernized, the other Commission recommendations will be hampered and only partially effective for operations, cost, quality and access improvement, as they will remain out of sync with the best practices of modern health care systems.

Second, although there were some high-level cost estimates of alternative policy proposals, the recommendations do not include the effect of cost mitigation strategies and options that reduce risk for VHA policy and planning. For example, documents prepared by Milliman Inc. and presented to the Commission indicate that, given certain assumptions, Care in the Community could actually be cheaper than care received in VA.[11] Clearly, more careful consideration of the cost/savings possibilities is needed.

Third, both the Independent Assessment and the Commission on Care have identified a need to conduct a survey representative of the views of millions of veterans receiving health care from VHA.[12] An effective model for this kind of a comprehensive survey of veterans health care needs and preferences would be those done by the MCMRC and cited in their 2015 report.[13] Until this is done, it will be difficult to ascertain exactly what kinds of policies might meet the needs of veterans *as they understand them*.

A Way Forward

While it is true that more data and analysis are needed, there are policy proposals available that we believe represent a better way forward.

In June, Rep. Cathy McMorris-Rodgers released a discussion draft of a bill entitled The Caring for Our Heroes in the 21st Century Act.[14] We believe this discussion draft contains an excellent proposal that reflects the kind of comprehensive health care reform that VA needs. It utilizes a systems approach that contains all of the components needed to fix the VA health care system in a fiscally responsible way. Notably, all of the Commission on Care recommendations are, to a greater or lesser extent, compatible with this legislation. And, by including an implementation

[10] Schlichting, N., et al. (June, 2016), *Commission on Care Final Report*, 161.
[11] Jamie Taber, Gideon Lukens, and Merideth Randles, "Estimating Costs for Veterans Health Part 2," (presentation, Commission on Care, Washington, DC, March 22-23, 2016), 7. https://commissiononcare.sites.usa.gov/files/2016/03/Estimating-Costs-for-Veterans-Health-Part-2-Day-2-032316-1.pdf
[12] See, e.g. The MITRE Corporation. (September, 2015). *Independent Assessment of the Health Care Delivery Systems and Management Processes of the Department of Veterans Affairs Volume I: Integrated Report*, 2 and A-3.
[13] Maldon, A., et al. (January, 2015*) Report of the Military Compensation and Retirement Modernization Commission*, 209.
[14] Full text can be found here: https://mcmorris.house.gov/wp-content/uploads/2016/06/McMorris-Rodgers-Discussion-Draft-VA.pdf.

commission in the proposal, the legislation would provide a mechanism for further improvement based on the additional cost, survey and systems data and analysis referenced above.

The Caring for Our Heroes in the 21st Century Act offers a truly new way of looking at veterans' health care. It goes beyond the VA's current centralized model that traps veterans into a deficient system of unresponsive and inconsistent care, instead creating a system that is flexible and adaptable to the needs of the individual veteran and their family. It is, in our opinion, the best legislative proposal aimed at fixing VA health care that has yet been put forth. This is because it prioritizes the needs of veterans over the VA bureaucracy and seeks to transform a dated, sclerotic government agency into a high-functioning modern health care organization. It represents a change that is long overdue and one that our veterans deserve.

Reform is never easy, but veterans deserve nothing less.

For questions or additional information regarding this testimony, please contact Mr. Shaun Rieley at Concerned Veterans for America, srieley@cv4a.org or 517-447-3542.