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Statement for the Record

On

VA's Transformation Strategy: Examining the Plan to Modernize VA

Before the

Senate Veterans Affairs Committee

January 21, 2015

Chairman Isakson, Ranking Member Blumenthal, and Distinguished Members of the Committee,

Thank you for this opportunity for CVA to provide a statement for the record regarding the Department of Veterans Affairs' (VA) "MyVA" initiative.

In November of 2014, following significant scandals causing then-VA secretary Eric Shenseki to step down, VA announced – to much fanfare – an initiative ostensibly aimed at improving the veteran's experience when dealing with VA. In a fifty-page document entitled the *MyVA Integrated Plan*, released last July, VA details the plan with the stated goal of "provid[ing] a seamless, unified Veteran Experience across the entire organization and throughout the country".¹ Top-line priorities of the plan include: ensuring that veterans receive uniform and consistent care across VA; improving the overall veteran experience; and improving the VA employee experience.

This is to be done in three "horizons": the first will "leverage existing programs and initiatives" that are performing well, in order to deliver better services to veterans. The second will be to concentrate "on a relatively small set of catalytic efforts" aimed at accelerating "transformation already underway," among them, ensuring that support services are functioning optimally, cultivating a "culture of continuous improvement," and "enhancing strategic partnerships". The third will focus on "optimizing and scaling MyVA" which entails the utilization of a "MyVA Task Force" that will "coordinate initial operational planning" and will continue to work through 2016 and 2017 until implementation is complete.

¹ Department of Veterans Affairs. "MyVA Integrated Plan."
http://www.va.gov/opa/myva/docs/myva_integrated_plan.pdf (accessed January 19th, 2016), 3.

Looking deeper into the specifics, many are commendable. A single, easy-to-use website is long overdue, for example; improved customer service training for VA employees is needed; and every taxpayer will be grateful that VA is taking seriously its responsibility to be a good steward of public resources.

However, these changes do little in terms of providing a real basis for systemic change. While it is touted as a comprehensive overhaul, it seems to be, in truth, little more than a customer service plan. In fact, Secretary McDonald described it as a customer service plan in his announcement, saying MyVA will be “a seamless, integrated and responsive customer service experience”.²

Improved customer service is, of course, desperately needed at VA, and a plan to improve customer service is appreciated. But the question that needs to be asked whether MyVA – assuming that can be implemented comprehensively and relatively effectively, which, by the plan’s own admission is less than clear³ – will solve the difficulties faced by VA. Does the plan get to the root of the problem? Unfortunately, the answer is no. The challenges faced by VA are deep and systemic – problems that cannot be solved by a mere customer service plan, no matter how sweeping.

Last fall, VA released the Independent Assessment, a report mandated by the *Veterans Access, Choice, and Accountability Act of 2014* and conducted by analysts including Mitre Corp., Rand Corp. and McKinsey & Co. The over 4,000 page report shows structural misalignment, bloated bureaucracy plagued by cultural problems, leadership failings, and an unsustainable budget to be major factors in VA’s mismanagement and inefficiency.

Specifically, the integrated report of the assessment enumerates four “systemic findings that impact mission execution”: i) “A disconnect in the alignment of demand, resources, and authorities;” ii) “Uneven bureaucratic operations and processes;” iii) “Non-integrated variations in clinical and business data and tools;” iv) “Leaders are not fully empowered due to a lack of clear authority, priorities, and goals.”⁴

Clearly, these are not problems that can be righted through a customer service plan – deep structural changes are necessary. VA needs to transition from a government organization attempting to do healthcare to a healthcare organization chartered and funded by the government to care for veterans. In a word, VA needs to *modernize*.

² Daly, Matthew “VA announces ‘MyVA’ plan, largest reorganization in department’s history.” PBS <http://www.pbs.org/newshour/rundown/va-announces-myva-plan-largest-reorganization-departments-history/> (accessed January 14th, 2016).

³ The Risk Assessment included in the plan recognizes a “moderate-high” risk that “stakeholders will not accept the MyVA initiative as a viable solution for correcting VA’s perceived shortfalls”; a “moderate-high” risk that “stakeholders will question whether or not we should be spending the money on this transformative effort”; a “high” risk that MyVA initiatives will not be completed on time due to personnel resource constraints resulting from challenges in the hiring process”; a “moderate” risk that “MyVA progress will be limited due to funding challenges”; and a “moderate-high” risk that “MyVA progress will be limited due to finite leadership capacity”. *MyVA Integrated Plan*, 32-33.

⁴ CMS Alliance to Modernize Healthcare, (September 1, 2015) *Independent Assessment of the Health Care Delivery Systems and Management Processes of the Department of Veterans Affairs, Volume 1: Integrated Report*, xiii.

The staid state of VA health care is the result of inherent problems in the way VA has developed since its inception nearly a century ago. Moreover, entrenched interests often stand in the way of the kind of real reform that would transform VA into, as the Independent Assessment puts it, a “High-Performing Healthcare System”.⁵ If the Independent Assessment is correct, VA’s problems are structural, not merely aesthetic; and structural problems require systemic solutions. Healthcare delivery has changed dramatically in recent years, but VA still remains tied to outdated structures and methods. VA would do well to examine the highest functioning healthcare organizations in the country, such as the so-called “Accountable Care Organizations (ACO),”⁶ and remain open to implementing best practices gleaned from them. Congress would do well to examine the structures utilized in those organizations and consider legislatively restructuring VA along those lines.

The Independent Assessment details a number of problems with the current state of the system and offers a number of recommendations. On page 61 of the report, under the section “Transformation,” the Independent Assessment quotes the CVA-sponsored *Fixing Veterans Health Care Task Force Report*⁷ saying “Minor tweaks to the current system may incrementally improve health care in the near term, but the monopolistic VHA bureaucracy is likely to return to a standard operating model heavily influenced by the desires and concerns of the institution and its employees. Only fundamental reform will break the cycle and empower Veterans.”⁸ The *Fixing Veterans Healthcare Task Force Report* provides a comprehensive plan to overhaul the VA healthcare system in a way that is consistent to the above-mentioned ACOs. This kind of transformation is what CVA firmly believes is required in order to fix veterans’ healthcare. Anything less, including the MyVA plan, will be insufficient over the long term.

The recommendations included in the Independent Assessment contain a significant amount of overlap with the structural realignments recommended in the *Fixing Veteran Health Care Task Force Report*. For example, on page 26, the assessment quotes the 2009 *Commission on the Future for America’s Veterans: Preparing for the Next Generation*⁹ report which recommends placing VHA under a new kind of governance: “Congress [should] ‘establish a new entity with characteristics not unlike a federal government ‘not for profit’ corporation’ that would be empowered with ‘unencumbered’ authority to use all the assets of VHA to ‘maximize benefits to Veterans.’”¹⁰ This is remarkably similar to the recommendation of the *Fixing Veteran Health Care Report*. Such a model would avoid disputes about, for example, the closing of certain obsolete or underused VA facilities, which as the Assessment notes, “can meet strong resistance from multiple groups.”¹¹ Such a governance system would allow VA to address many of the problems it faces in a rational way, doing what is best for the veteran, rather than focusing on how to sustain the system as it currently exists.

⁵ *Independent Assessment Integrated Report*, 61.

⁶ For more on this, see e.g. <https://www.cms.gov/Medicare/Medicare-Fee-for-Service-Payment/ACO/index.html> and <http://www.npr.org/2011/04/01/132937232/accountable-care-organizations-explained>

⁷ Kussman, M. et al. (2015, February). *Fixing Veterans Healthcare Report*. Fixing Veterans Health Care Task Force. <http://cv4a.org/veterans-health-care-report/>.

⁸ *Independent Assessment Integrated Report*, 61.

⁹ 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.

¹⁰ *Independent Assessment Integrated Report*, 26.

¹¹ *Independent Assessment Integrated Report*, 26.

VA is not beyond saving, but doing so will require bold thinking and a willingness to consider a broad range of reform possibilities, including – and especially – those that offer systemic changes to address systemic problems.

That is why CVA asks all stakeholders to join with us in striving for a VA system that serves veterans comprehensively, efficiently, and effectively. Only then will VA be able to fully and effectively meet the healthcare needs of veterans in a truly customer service-oriented manner.