Statement of Mr. David J. McIntyre, Jr.
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August 25, 2015

Good afternoon Mr. Chairman.

First, I want to thank the Committee for the invitation to appear before you today in Eagle River, Alaska. And I am particularly pleased to be here with VA's Under Secretary for Health, Dr. Shulken. I hope it will become obvious quickly how closely together our two organizations are working every day to improve access to care for Veterans here in Alaska and across the vast territory in which we are privileged to serve at VA's side.

I know you've called this hearing to receive answers related to several challenges here in Alaska for Veterans who are attempting to access care from community providers, including through the Veterans Choice Program. I hope my testimony can provide some answers to your questions.

I have had a long and proud personal association with the health care community of this amazing state going all the way back to when my father, an ophthalmologist, used to ride the circuit every other month for many years of my childhood delivering care to those who were underserved across Southeast Alaska. Decades later, TriWest Healthcare Alliance, the company I helped found, and have been privileged to lead for nearly 20 years, delivered the TRICARE program here in Alaska. And now I am proud to partner with VA in their efforts to increase access to care from local providers in this great state… the Last Frontier!

Mr. Chairman, at the outset, I think it is fair to say that the implementation of the Choice program in Alaska has not gone as well as anyone would have liked. And, I want to personally commit to you; the Veterans of this State; the medical community; and of course those of whom we work at the side of in VA, that we will work tirelessly to correct whatever deficiencies we might have. In fact, as I will discuss a little later in my testimony, we have already begun that work. More importantly, we are committed not just to correcting deficiencies, but in fact, improving the experience of the Veterans in need of care, as well as the providers in the community who deliver those services in Alaska if that be the desire.

Mr. Chairman, before describing some of our challenges, our plans for fixing them, and discussing some programmatic challenges that I hope your committee will consider, I'd like to take a moment and go back to the time before the Choice program to discuss the progress we were making in Alaska in administering the Patient Centered Community Care (PC3), program.

As I mentioned earlier, TriWest previously worked in Alaska managing the TRICARE program. We were well-aware that building a network to replace what VA had been doing under the

traditional fee program would take time, collaboration with VA, and would require us to patiently engage the provider community to ensure everyone understood our responsibilities and our goals. After all, many of these providers had been serving Veterans in some fashion for many years and it was important to all of us that they continued to do so. This was especially true in those locations off the road system.

Our approach, which we developed in collaboration with the Alaska VA Medical Center Director, with the support of your Senate colleague, Lisa Murkowski, was to start in Anchorage and Fairbanks, where, as you know, a substantial portion of specialty care is provided. Then, once we established good processes and relationships for those services and we were accepted as a reliable partner, we could turn our attention to the more rural providers in the bush areas of Alaska to fully transition the community care work to the PC3 program.

Additionally, we were highly sensitive to the relationships VA had already established with the Tribal Health System… facilities and providers that are a part of the Alaska Native Health Consortium. We understood there were both Alaskan Native and non-Alaskan Native Veterans able to access those facilities under Memorandums of Agreements established between VA and 26 of the 27 tribes in Alaska. We briefly discussed whether non-Alaskan Native Veterans could be transitioned to the PC3 program. But, just as quickly, we discovered the payment structure looked nothing like the contract we have with VA and all parties were satisfied with the current arrangement. As such, we simply left it alone.

While the volume of work coming through the PC3 program initially was not large, that was a good thing. It allowed us the time to focus on establishing trust and explaining the new program. Frankly, I believe our plan was working reasonably well. We had regular consultation with VA in Alaska where we discussed the needs for care in the community, our network, where it was in need of growth, and whether that growth was possible. Like all new programs, we had hiccups and gaps, but we were working together to iron them out.

An example of this close coordination was the need for Veteran access to primary care across the state. We worked closely with the Alaska Primary Care Association (APCA) to determine their ability to support the primary care needs of the Alaska VA. This coordination resulted in a three phased agreement between TriWest and APCA. The first phase, initiated in the early summer months, was to survey the 14 non-tribal APCA federally qualified health clinics (FQHCs) to determine their interest in signing Choice Provider Agreements. The second phase involved signing those interested FQHCs to negotiated Choice Provider Agreements with a third phase following to convert those same facilities to PC3 network status. I am pleased to report today we have recently been contacted by APCA and all 14 of the original FQHCs and a newly awarded FQHC, will be signing Choice Agreements. At present, 6 of the 15 agreements have been signed and returned to TriWest; we believe the remainder of the agreements will be completed before

the end of August. The Alaska VA has favorably commented on the new access to care for non-Native Veterans in rural locations of the state.

I think it is also important to note that the rate structure under the PC3 program generally allowed TriWest to pay competitive, market rates to providers in the community. Typically, we offered providers an amount in excess of 100% of the Medicare schedule in Alaska, but we also had the flexibility and responsibility to ensure we did not pay more than was needed to acquire the services. After all, we are spending taxpayer dollars. We fully launched the PC3 program in Alaska in April of 2014.

Shortly thereafter, a few thousand miles away, as we all know, issues concerning wait times came to the forefront at the Phoenix VA Medical Center. And, a few months later, in August 2014, Congress passed the Veterans Access, Choice, and Accountability Act (VACAA), which created the Veterans Choice Program. Only 90 days later, VA modified our PC3 contract and added the responsibility to administer the Choice program to it. Unfortunately, I think our collective challenges began at this time… given a 30 day window to design and implement a massive and complicated new program.

Mr. Chairman, I think it is important to discuss some of the programmatic and statutory challenges the new Choice program faced when we first got the modification. But, I do not want to sit before this Committee and simply suggest that the challenges are someone else's fault. TriWest bears responsibility for some of the challenges in execution of the new program and I'd like to discuss our shortcomings right up front.

First, the call center experience for Veterans who reached one of the 800 staff that had to be hired in 10 days to stand up the program in the timeframe mandated in the law, to seek assistance accessing their care has been inconsistent at best, and flat out unacceptable at worst. It will never be acceptable to me or my company to provide a customer experience that has Veterans waiting on hold for extended periods of time only to be told – incorrectly – that they are not eligible for care under the program.

Additionally, I know it goes without saying in this room, but Alaska has an incredibly unique and complex geography. But, we knew that. We had served in this state before and it was our job to accommodate for that. You should have expected us to know that while it may be true that the closest specialist available to treat a Veteran in Barrow may be in Fairbanks, that doesn't mean that Veteran can drive there tomorrow for the appointment. You should know that we have taken steps to correct this deficiency and ensure that our staff who interact with Alaskan Veterans understand Alaska.

I have stated in the past… on the record before this Committee in Washington DC… that we have experienced our fair share of training challenges. Certainly some of those challenges stem from the incredibly quick implementation timelines for the Choice program, and others from the

sheer number of changes that have occurred to it, in Alaska alone, since we went live less than 8 months ago. But, some of the training challenges rest solely with us.

To fix the problems with the customer experience I have just outlined, we have taken a number of steps over the past several months. First, I instructed our team to designate our call center in Puyallup, Washington, just outside of Tacoma, as the primary call center that will serve Alaska's Veterans. Anytime a Veteran enters an Alaska zip code when calling the Choice Line, it should first be routed to Puyallup. It should have been obvious to me from the start that we needed a special cell of employees to handle the care needs of Alaska Veterans. We now have that.

We have also updated our training and oversight efforts to ensure the right employees stay on the phones working with our customers while those who need additional training can get it. If it is simply the case that some staff can better serve the company and our Veterans in a non-customer-facing position, then that is where they serve. It took us some time to effectively project the demand and then select the right staff in sufficient supply to meet that demand and allow others to move to non-customer-facing work.

Finally, some of the hold times for Veterans in Alaska and around the country are higher than we would like given the fact that supply of staff has been chasing the incredible growth we have seen in referrals to the Choice program since early June. Just two months ago, TriWest was receiving somewhere between 400-500 Choice authorizations per day or a total of about 10,000 per month. Today, we receive upwards of 2,500 authorizations per day, or the equivalent of 50,000 per month.

However, in an effort to keep up with the extensive growth, we have had a massive hiring effort underway… and are adding new staff every week, and will ultimately have somewhere around 2,500 staff by November. In fact, we have already expanded our contact centers in Puyallup and Phoenix. We have stood one up in Honolulu to serve the Pacific and Tempe to further serve the greater Phoenix area. Employees are coming on board with the centers soon to open in San Diego and Kansas City. We are executing leases for centers in Sacramento and New Orleans. We are searching for space in Texas. And, I just came from Nashville, where we announced on Friday that we are hiring several hundred staff as we prepare to open that site in October. This scale will be fully operational by the end of the year.

My expectation is that in the next month or so, once more of these new staff are online, we will be able to fully handle demand and ensure that our special Alaska cell in Washington State is available on a more routine basis to take the Alaska cases and ensure we deliver that consistent, high-quality experience Veterans have earned.

Of course, I have been pretty upfront about the fact that some of the challenges in Alaska have been outside of our control.

First and foremost of these issues was the rate structure initially required by the VACAA legislation. As you likely know, when that bill first passed, it required that all care be reimbursed at rates up to, but not to exceed 100% of Medicare. There was some flexibility given for highly rural areas. But, even if the highly rural allowance could have solved for some areas of Alaska (which it would not have), the bulk of the care is provided in Anchorage and Fairbanks, not highly rural areas. As I mentioned previously in my testimony, we knew from our TRICARE and PC3 program experience, that obtaining most professional services in Alaska at 100% of Medicare is simply not possible. Moreover, we refused to modify our contract to suggest we would even try.

You see, our fear was that if we started attempting to push care through the Choice program into the community at rates far below the market requirement, we could forever damage ours and VA's ability to turn again to the provider community with a Veteran in need of care. In short, we believed that would have been explosive.

To VA's credit, their officials also understood the dilemma and worked with the Hill to get some relief for the rate structure in Alaska. That change, however, took time and it did not pass Congress until sometime in December of 2014 as part of H.R. 83, the Omnibus Appropriations Act.

Meanwhile, Veterans in Alaska were receiving their Choice Cards in the mail as required by our contract and expected by Congress. Those cards came with a letter that told Alaska's Veterans that they had eligibility for care that exempted them from having to go to the VA medical center before receiving care in the community. As you know, that so called 40-mile eligibility is based on the fact that the state does not have a full service VA medical facility. Only Hawaii, Alaska and Guam in our geographic area of operations have Veterans with such eligibility. This simple fact in and of itself created some training challenges for both VA and my team at TriWest.

Further, that unique eligibility was now running headlong into a system where we could not appoint Veterans in the community due to the rate challenges I noted above. And, of course, this was all occurring before I made the decision to create the special cell of staff to serve Alaska's Veterans I noted above. The net result was a poor customer and provider experience in the State. Unfortunately, two additional issues would be overlaid on these initial start-up challenges.

The new challenge after start-up came in the form of the modification to our contract to update the rate structure so that we could begin to engage providers at a rate more attuned to the market. The problem with the new modification was that it would have required us to pay a substantial portion of providers at rates far in excess of what their market rate in Alaska would demand. We simply had no flexibility to do otherwise.

Unfortunately, just like an artificially low rate could have caused damage in the community, so too an unreasonable high rate, unintentionally required by the VA contract, could have

substantially distorted potentially all health care rates in Alaska, making VA the leading payor for many services. I am sorry to say that it took us until the end of February to work through those challenge and ultimately settle on the fact that we would pay providers who engaged with us only for the Choice program (as opposed to a full network arrangement under PC3) at the same rates as VA paid under its Alaska VA Fee Schedule – a rate unique to Alaska.

Having gotten past that point, we believed we had settled back into a structure through which we could work with providers in the community.

In June of this year, we heard the news that VA in Alaska was telling providers that it could no longer spend money through its traditional Fee Basis budget and that all care was to come through the Choice program. We had heard the testimony from the Deputy Secretary, but did not initially compute what that would mean in Alaska.

I mentioned we were confident we had finally settled on a workable structure for most care. However, I also mentioned at the outset of my testimony, we were determined not to interfere in the relationships between the Tribal Health System and the Alaska VA Healthcare System. We came to understand those services were all reimbursed with Fee Basis or what is also called non-VA care funding. As you know, the idea that we would now be a party to those arrangements did not sit well with the Native Corporations, VA, or frankly with us.

As you know Mr. Chairman, the Tribal Health System challenge has too been resolved through a lot of conversation, hard work, and certainly some criticism. However, the accumulation of all the challenges I have mentioned has no doubt left a lasting, and unfavorable impression in the community with respect to the Choice program in Alaska. Yet, I think most of people here today believe that more options for Veterans and more coordination with the private sector is truly the long term answer to care for Veterans in Alaska. So that question is how do we get better and achieve that outcome.

For our part, I mentioned some of things we are doing to improve the customer experience in my testimony earlier. But I do want to mention another initiative that we are collaboratively exploring with VA and we are willing to undertake it if everyone agrees it is the right next step.

We know from our work during the TRICARE program that having staff on the ground in Alaska can go a long way toward making the use of the program a more seamless experience. Those TriWest staff got to know the government staff, the beneficiaries, and also the providers in the community. All of that helped speed the process of getting care provided in a timely manner downtown. We have that opportunity again.

A few months ago, we had preliminary discussions with the VA in Alaska to determine whether housing some staff in their facility in Anchorage would be welcome. Their preliminary feedback is that it would be welcome and would help with the processes necessary to providing care in the

community. We have developed a template for placing those staff here. But, we want to make sure we are back on sound footing here in the state before we hire and place that team.

In the short run, TriWest staff working every day alongside their VA colleagues will identify process challenges quickly and implement solutions even faster. That structure will provide care authorized in a more timely manner and ensure better daily coordination at a personal level instead of faxes, phones, internet portals and emails.

In the long run, it is my hope that we can reach a point where we have a strong cadre of trusted providers in the community and, just as with the TRICARE program, we can begin to rely on those providers to make health care recommendations and trust them to carry out that care without intervening, artificial processes adding unnecessary administrative burden to providers.

Today, as you know, most recommendations for standard care practices require additional review and authorization either by TriWest or VA. Those processes are frustrating to providers and to Veterans, delay care, and ultimately impact the cost and quality of the program. It is our hope that one day we might get to a position where providers are able to efficiently provide care to Veterans in an accepted standard of practice. Alaska may prove an ideal place to prototype how that system might work across the VA enterprise.

Finally, Mr. Chairman, I want to go back and emphasize that one of the most important things that can help all of us get back on sound footing here in Alaska, once and for all, is decide on a rate structure we can use that will pay providers what their market rate demands, while still ensuring we can continue to be good stewards of the taxpayers' dollars. We know that is a complicated endeavor. But, without it, instability will continue.

Mr. Chairman, I hope my testimony here has provided some useful information as well as context for some of the challenges the Veterans of this state have experienced. But, I also hope it has convinced you that the company I am proud to lead considers it an honor and privilege to work every day to provide access to care for those who have served this nation in uniform. It is an awesome responsibility and our owners, and all of my colleagues in leadership take it very seriously.

Thank you again Mr. Chairman for this opportunity. I look forward to answering any questions you might have.