WRITTEN STATEMENT OF

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BEFORE THE COMMITTEE ON VETERANS AFFAIRS

UNITED STATES SENATE

FIELD HEARING

“THE VETERANS CHOICE PROGRAM:

ARE PROBLEMS IN GEORGIA INDICATIVE OF A NATIONAL PROBLEM?”

AUGUST 21, 2015

Biography of Donna Hoffmeier

Donna Hoffmeier is Vice President and Program Officer, VA Services, at Health Net Federal Services, LLC (Health Net), responsible for the daily leadership and management of Health Net's Department of Veterans Affairs (VA) programs. Her responsibilities include the management and oversight of Health Net's VA lines of business including the Patient-Centered Community Care (PC3) and Veterans Choice Programs.

Ms. Hoffmeier has over 30 years of experience, success, and accomplishments in the private and public sectors as a senior executive, professional staff member in the United States House of Representatives, and military leader. Ms. Hoffmeier joined Health Net in 2006. Prior to joining Health Net, she served in a number of positions at UnitedHealth Group, including Vice President, Public and Government Strategy.

Ms. Hoffmeier worked in the federal government for over 15 years, including five years of congressional staff service and nearly 11 years on active duty in the U.S. Navy. As a professional staff member on the House Armed Services Committee, she was responsible for evaluating and developing policy and legislation affecting the Military Health System. For the majority of her Navy service, Ms. Hoffmeier was a public affairs officer (PAO). Navy assignments included the Office of the Chief of Naval Information, PAO onboard the hospital ship USNS Mercy during Desert Shield/Desert Storm, and Officer in Charge of the Navy Broadcasting Service Detachment in Rota, Spain.

A native of Florida, Ms. Hoffmeier earned a Bachelor of Arts degree in mass communication from the University of South Florida.

A History of Partnership

I appreciate the opportunity to testify at today's field hearing on Health Net's implementation and administration to date of the Veterans Choice Program.

Health Net is proud to be one of the largest and longest serving health care administrators of government and military health care programs for VA and the Department of Defense (DoD). Health Net's health plans and government contracts subsidiaries provide health benefits to more than five million eligible individuals across the country through group, individual, Medicare, Medicaid, TRICARE, and VA programs.

For over 25 years, in partnership with DoD, Health Net has served as a Managed Care Support Contractor in the TRICARE Program. Currently, as the TRICARE North Region contractor, we provide health care and administrative support services for three million active-duty family members, military retirees, and their dependents in 23 states. We also deliver a broad range of customized behavioral health and wellness services to military service members and their families, including guardsmen and reservists. These services include the worldwide Military and Family Life Counseling (MFLC) program, which provides non-medical, short-term, problem solving counseling, rapid-response counseling to deploying units, victim advocacy services, and reintegration counseling.

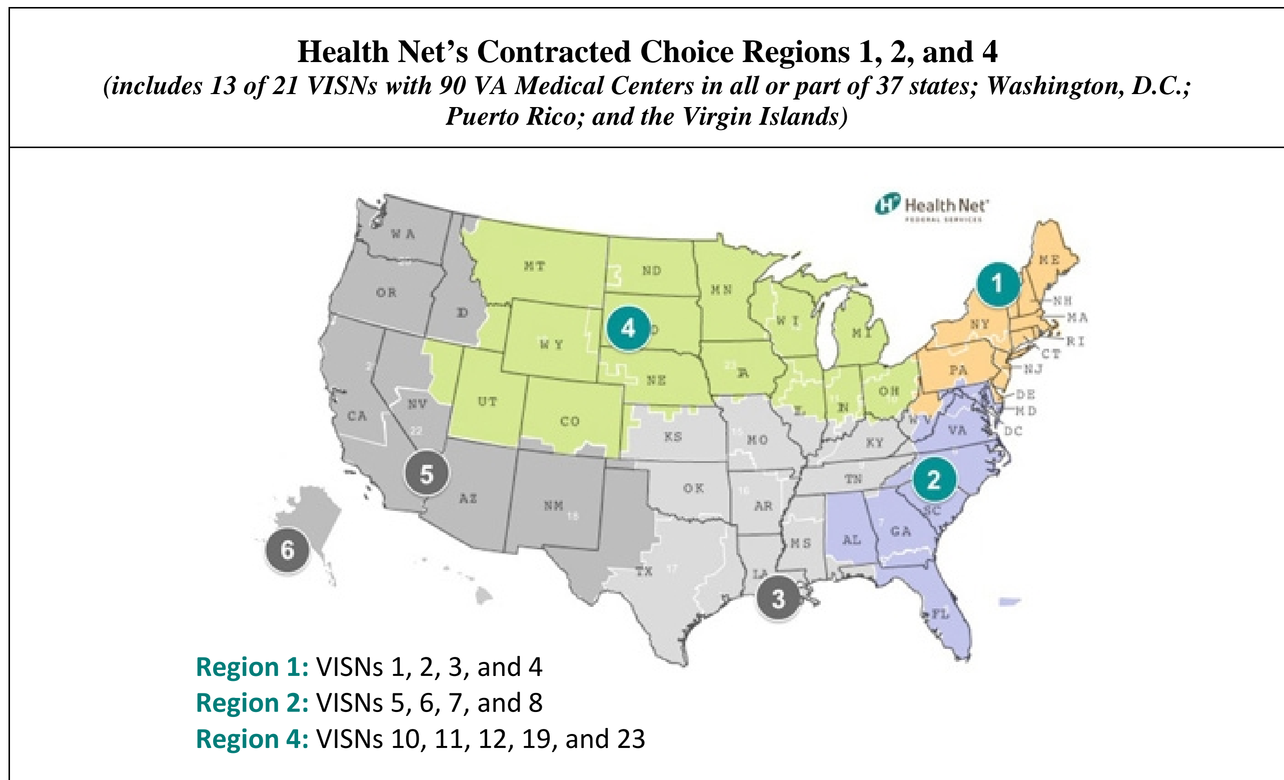
As an established partner of VA, Health Net has collaborated in supporting Veterans' physical and behavioral health care needs through Community Based Outpatient Clinics (CBOCs), the Rural Mental Health Program, PC3 Program, and the Choice Program. We also have supported VA by applying sound business practices to achieve greater efficiency through claims auditing and recovery and claims re-pricing. It is from this long-standing commitment to supporting the military and Veterans communities that we offer our thoughts on the role of Choice in augmenting VA's ability to provide eligible Veterans with timely access to needed health care services.

The Evolution of Choice

In August 2014, with the leadership of this Committee, Congress passed and the President signed into law the Veterans Access, Choice, and Accountability Act of 2014 (VACAA, Public Law 113-146, "Choice Act"), which directed the establishment of a new program to better meet the health care needs of Veterans. The law directs the establishment of a Veterans Choice Card benefit that allows eligible Veterans who are unable to get a VA appointment within 30 days of their preferred date or the date medically determined by their physician; reside more than 40 miles from the closest VA health care facility (there are different mileage rules for some states, such as New Hampshire and Hawaii); or face other specific geographic burdens in traveling to a VA facility to obtain approved care in their community instead.

Health Net's Contracted Choice Regions 1, 2, and 4

(includes 13 of 21 VISNs with 90 VA Medical Centers in all or part of 37 states; Washington, D.C.; Puerto Rico; and the Virgin Islands)



As background on VA's approaches to delivering non-VA care, VA developed the PC3 Program to provide eligible Veterans access to health care through a comprehensive network of community-based, non-VA medical professionals. In September 2013, Health Net was awarded a contract for three of the six PC3 regions. These regions include 13 of 21 Veterans Integrated Service Networks (VISNs) and 90 VA Medical Centers in all or part of 37 states; Washington, D.C.; Puerto Rico; and the Virgin Islands. In October 2014, VA amended our PC3 contract to include several components in support of the Choice Act. These components included production and distribution of Choice Cards; establishment of a Choice call center to answer Veterans' questions about the Choice Program and to verify eligibility; appointing services for eligible Veterans with Choice-eligible community providers; and claims processing. Since VACAA required implementation by November 5, 2014, we worked collaboratively with VA and TriWest (the contractor for the other three PC3/Choice regions) to develop an implementation strategy

with extremely aggressive timelines. This ambitious schedule allowed minimal time to hire and train staff and to reconfigure our systems for the new program, which contains many requirements that differ from PC3 and therefore have to be tracked and recorded separately. Despite the fast-paced implementation schedule, on November 5th, Veterans started to receive their Choice Cards and were able to call in to the toll-free Choice telephone number and speak directly with a customer service representative about the Choice Program.

On April 24, 2015, VA published a second interim final rule that changed the way VA measures distance for purposes of determining eligibility. VA now considers the distance a Veteran must drive to the nearest VA medical facility, rather than the straight-line of geodesic distance to such a facility. This change resulted in an expansion in the number of Veterans eligible for the Choice Program.

Most recently, on August 4, 2015, Congress passed a number of improvements to the Choice Program through H.R. 3236 – Surface Transportation and Veterans Health Care Choice Improvement Act, which became Public Law 114-21. These program improvements include expansion of eligibility for Veterans, expansion of the pool of providers eligible to participate, clarification of wait times, removing the time limit on an episode of care, and modification of the distance requirement. The new law also requires VA to develop a plan to consolidate all non-VA care programs by establishing a new, single program to be known as the "Veterans Choice Program." We commend the Committee for working to address some of the unintended limitations contained in the original legislation.

Engaging Collaboratively

From the start of discussions on implementation of VACAA, the VA Chief Business Office, Contracting Office, and senior VHA officials have worked closely with both contractors to establish priorities, provide policy guidance, and develop process flows. As the Choice implementation progresses, more policy and process items continue to be identified. We are working closely with VA and TriWest to ensure that key policy or process items are addressed quickly; doing so is essential to program performance and effectiveness.

Building the Choice Provider Network

A key component to the success of Choice is acceptance by community providers. To provide Veterans with timely access to care in their communities, Health Net proactively recruits providers to Choice. Since the implementation of Choice, we have collaborated with VA Medical Centers and actively reached out to providers and professional associations to build a network. Highlights of our efforts to build a robust provider network are summarized below.

Highlights of Health Net's Choice Provider Network Development

- Sent outreach letters to 22,264 TRICARE contracting entities to encourage providers to register for participation in the VA Choice Program; these entities represent anywhere from 156,000 to 200,000 community providers
- Sent outreach letters to the 7,650 vendors on the VA Nomination Report that have not yet joined the VA Choice Program
- Participated in joint VA Medical Center and Provider Meetings to encourage key VA Medical Center vendors to register for the VA Choice Program; as needed, Health Net staff are assisting large organizations register their multiple locations
- Conducted outreach to all 280 VA Affiliates to encourage participation in the VA Choice Program
- Participated in a presentation to the AAMC on the VA Choice Program; scheduled to participate in calls with AHA and AMA to present similar information regarding VA Choice Program to their membership
- Contacted all VA Medical Center Hepatitis C preferred vendors to encourage participation in the VA Choice Program; Health Net is making outreach calls to all PC3 contracted, VA Choice Participating and Registered Gastroenterology and Infectious Disease providers to determine if they treat Hepatitis C patients
- Used the American Liver Foundation directory to identify community providers who treat Hepatitis C patients; all providers not already eligible for the VA Choice Program will receive telephonic contact asking them to join the VA Choice Program

In Georgia, our provider network team works closely with the VA Medical Centers in VISNs 7 and 8. We have developed an extensive provider network to meet the needs of Veterans receiving care at the three VA Medical Centers in Georgia: Charlie Norwood VA Medical Center (Augusta); Atlanta VA Health Care System (Decatur); and Carl Vinson VA Medical Center (Dublin). From January 31, 2015, through July 31, 2015, our Choice provider network in Georgia grew from 3,084 providers to 5,677 providers – an increase of 84 percent in six months.

Our Choice network in Georgia currently includes 21 hospital providers, including large health care systems such as Saint Joseph's Candler Health System (Savannah), Southeast Georgia Health System (Brunswick), Southern Regional Medical Center (Riverdale), Doctors Hospital (Augusta), and Coliseum Medical Center (Macon). Through these large health care systems, we are able to provide access to an even greater number of physician specialists who are affiliated with these organizations. Recognizing the high demand for mental health services, our Choice network also includes dedicated psychiatric hospitals, such as Southern Crescent Behavioral Health System, Saint Simons by the Sea, and Summit Ridge Hospital. Provider counts for the top 10 specialties in our Choice network are shown in the table below.

Top 10 Provider Specialties	Choice Provider Count in Georgia As of July 31, 2015
Chiropractic	358
Physical Therapy	344
OB/Gyn	260
Optometry	257
Surgery - Orthopedic	201
Surgery - General	191
Podiatry	181
Cardiovascular Disease	173
Ophthalmology	171
Dermatology	116

In building the Choice network, we recognize the importance of collaborating with providers where VA Medical Centers have established relationships. For example, we initiated a strong effort to integrate Federally Qualified Health Centers (FQHCs) in our network. We are working very closely with VHA's Office of Rural Health on this effort, and participated with VA at the National Rural Health Association annual conference and National Association of Community Health Centers webinar. To date, we have been very successful and have contracted 14 FQHCs as Choice providers in Georgia, as shown in the table below.

Federally Qualified Health Centers in Georgia	
Christ Community Health Services	J.C. Lewis Primary Health Care Center
Coastal Community Health Services	Oakhurst Medical Centers
Community Health Care Systems	Palmetto Health Council
Curtis V. Cooper Primary Healthcare	St. Joseph's Mercy Care Services
Diversity Health Center	Southside Medical Center
East Georgia Healthcare Center	Southwest Georgia Healthcare
Four Corners Primary Care centers	Valley Healthcare System

Increase in Choice Program Utilization - Results to Date

Since the inception of the Choice Program in November 2014, workload volume has dramatically increased. In the 37 states that Health Net supports in Regions 1, 2, and 4, monthly call volume has grown from an average of 27,000 calls in November 2014 to over 202,000 calls in July 2015. Correspondingly, the monthly volume for appointment authorizations has grown significantly, from 1,800 authorizations in November 2014 to almost 29,000 authorizations in July 2015. VISNs 7 and 8 account for about 7 percent of the authorizations.

Program Challenges and Recommendations

Implementation of any new program is challenging, particularly when the change is significant and the implementation period is condensed into a very short timeframe. The very limited implementation period for Choice did not afford VA time to develop necessary policy and process guides, nor did it allow for us to make needed system changes, develop business processes and work flows, and effectively hire and train the number of staff to support a program of this size and complexity. There clearly have been bumps in the road with the accelerated rollout of Choice – delays in eligibility information being available, confusion over program details, and incorrect or sometimes conflicting information provided to Veterans. These bumps have understandably caused a level of Veteran frustration. While issues and challenges are common with the start-up of any new program, many of the challenges with Choice to date are the result of inadequate development (e.g., in terms of program policies and procedures) and transition time.

While the collaboration with VA since the start of the Choice Program has been solid, there is still considerable work that needs to be done with regard to the development of policy and process guides or manuals. Having clear policies and procedures in place is essential to ensuring that everyone understands the program requirements – VA staff, contractor staff, and Veterans. Well-designed program policies and procedures also ensure consistency across the country. In addition, more work remains to be done to adequately train staff, conduct provider outreach, and enhance Veteran education.

There currently are multiple options for non-VA care including Choice, PC3, local agreements/direct contracts, individual authorizations (“Fee”), other national contracts (e.g., dialysis), and Project ARCH. Each option has different reimbursement levels, different requirements for community providers (e.g., requirements for return of medical documentation, credentialing, etc.), and different “administrators” (VA Medical Center non-VA care staff, VA contracting staff, PC3/Choice contractors). These various options create enormous confusion with non-VA (community) providers, Veterans, VA Medical Center staff, and contractor staff.

We commend this Committee for directing VA to develop a plan for consolidating all non-VA care programs. Of note, consolidating options into one approach that minimizes VA-unique requirements for community providers should have a very positive impact on the willingness of community providers to participate in Choice and ultimately, enhance Veterans’ access to care. As VA moves forward with the plan, we offer the following considerations:

1. **The consolidated plan and implementation strategy must clearly define the program and VA policies and procedures.**
    - **Adequate Transition Time:** Transition timelines must allow for adequate implementation, staffing, and training.
    - **Clear Program Policies and Manuals:** Development of policy and operations guides or manuals that provide clear instruction to all parties – VA Medical Centers, contractors, Veterans, and Congress – on how the program is to operate, is essential. For example, such policies and manuals might address: what services are/are not covered by VA; rules for eligibility, authorizations, and return of medical documentation to ensure consistency for Veterans and providers; reimbursement

requirements for proper payment of provider claims; and systems rules outlining integration between VA and contractors, security requirements, and details for reporting requirements.

2. **Unnecessary impediments to community provider participation must be eliminated.**

The most common complaint from providers is the administrative burden of complying with requirements that exceed those of commercial or even other government programs such as Medicare. Removing these requirements will remove impediments to provider participation and offer Veterans greater choice.

- **Streamline Medical Documentation Requirements:** Medical documentation requirements are not consistent with commercial/community standards. VA requirements for medical documentation are often more detailed than the accepted standard of practice in commercial health care. For example, PC3 and Choice require specific elements, short timelines, and provider signatures. VA asks for more documentation and more specific detail than is typically provided in private sector health care, such as provider social security numbers. In addition, many of these requirements are not required for the other non-VA care programs.
- **Timely Medical Claims Payment:** Delays in payment of medical claims are often due to issues with the return of medical documentation. Providers are not paid until medical documentation is returned and accepted by VA. This delays payments to providers who have already legitimately provided the services and complied with the requirements to return medical documentation. Continued delays in payment will result in dwindling community provider participation and access problems could return.
- **Consistency in Reimbursement:** There is a need for a consistent methodology for the reimbursement rate determination. The amounts paid to providers should be equal to the amount paid under the Medicare program. When there is not a Medicare rate, the payment should follow the state's prevailing rates instead of VISN- or VA Medical Center-specific rates.
- **Modifications to Scheduling Process to Reduce No-Shows:** There is a high level of appointment no-shows in the community. Currently, we are required to schedule appointments for Veterans we are unable to reach by phone, and then notify these Veterans of their appointment by mail. This process increases Veteran no-show rates and causes frustration with community providers. Community providers have no ability to bill VA for these no-shows, nor can providers bill the Veteran a fee. This process also creates frustration for VA Medical Center staff because Veterans show up for VA appointments that may have been cancelled due to a community appointment being scheduled through Choice. More importantly, Veterans may not receive needed care in a timely manner. Modifying this process would reduce community provider reluctance to participate. We currently are working with VA on such a modification.
- **Improve the Process for Follow-Up for Authorizations:** Timely follow-up on requests by community providers for additional clinically appropriate care is essential. Choice services are authorized for an "episode of care." Once an episode of

care is complete, additional authorizations are necessary, even for follow-on care that is normally considered standard of practice. VA is addressing this issue and progress has been made already to ensure timely approval of requests for additional services. We appreciate VA working collaboratively with us to address this challenge.

Committed to Veterans' Choice

In closing, I would like to thank the Committee for its leadership in ensuring our nation's Veterans have prompt access to needed health care services. We believe there is great potential for the Choice Program to help VA deliver appropriate, coordinated, and convenient care to Veterans. We are committed to continuing our collaboration with VA and TriWest to ensure Choice succeeds in providing Veterans with timely access to care when VA is unable to provide it. Working together, and with the support and leadership of this committee, we are confident that the Choice Program will deliver on our obligation to this country's Veterans.