

Chairman Daniel K. Akaka

Good morning. Today's hearing will explore how VA purchases health care services. The Committee is interested in gaining a better sense of the process by which services are purchased and how VA oversees and manages those outside services.

While VA has the authority to buy services for veterans in the community through various means, it is not clear if VA compares the cost of providing these services in house to the cost of outsourcing these services. This raises the question as to whether VA gets good value for the more than \$3 billion spent annually on purchased care.

There are also concerns about how VA monitors the quality of contract services to ensure that veterans are receiving timely and appropriate care. Whether contract care is obtained through a national contract with a large HMO, through a local contract for care at a community clinic, or for compensation and pension exams, VA remains responsible for ensuring that the care or services are of high quality. This includes making sure that VA and contract providers share accurate and complete medical information.

Another area of concern is the extent to which individual VA hospitals and networks have contracts for care which are unknown to managers here in DC. In an effort to increase accountability and oversight of contract services, VA recently restructured the contracting process to move contracting authority from the local level to more centralized points. The Committee hopes to learn today about how this reorganization will help VA ensure that contractors supply quality services at a fair price to the benefit of the VA and the taxpayers.

It is also important to focus on what mechanisms are in place so that VA contracts for services only if it does not make sense for VA to supply the services directly. Today's hearing is part of the Committee's oversight of how VA provides health services outside of VA. No matter the setting, the nation's veterans deserve timely access to the highest quality services available.

- END -