

***Keeping the Promise for Arizona Veterans: The VA Choice Card, Management
Accountability, and Phoenix VA Medical Center***
Statement of Mr. David J. McIntyre, Jr.
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December 14, 2015

Introduction

Good morning, Mr. Chairman and members of this distinguished committee.

Thank you for the invitation to appear before you today at this field hearing in Gilbert, Arizona. I look forward to discussing our ability to achieve our collective potential in meeting the needs of those who deserve our very best – our nation’s Veterans.

I am particularly pleased to be here alongside the team from the Department of Veterans Affairs (VA), led by Under Secretary for Health, Dr. Shulkin, Kathleen R. Fogarty, and Acting Director for Veterans Integrated Service Network 18, Dr. Darren Deering, Chief of Staff for the Phoenix VA Healthcare System and Dr. Thomas Lynch, Assistant Deputy USH for Clinical Operations and Management at the Veterans Health Administration. I would also like to welcome the new Phoenix VA Health Care System Director, Ms. Deborah Amdur, and look forward to working closely with her to best serve Veterans.

I am pleased to say of TriWest and VA that our two organizations are working closely together every day – hour by hour – to improve access to care for Veterans here in Arizona and across the 28-states and three U.S. territories in which we are privileged to support VA in meeting the health care needs of Veterans.

The purpose of this field hearing, as I understand it, is to review the implementation of the Veterans Choice Program (VCP) and to evaluate how the program is currently working in Arizona and the potential for its refinement.

It is a pleasure to be here with Senators McCain, Flake and Sullivan. On behalf of TriWest, I would like to thank you for your longstanding dedication to the health and wellbeing of the Veterans of our nation, and especially here in Arizona and in Alaska. Senators McCain and Sullivan, I would like to particularly thank you for your service in our nation’s armed forces. As Veterans, you know the criticality of getting this right. Together with the Senate Veterans Affairs Committee, House Veterans Affairs Committee, the Veterans Service Organizations and the Department of Veterans Affairs, many strides have been made to enhance access to care for Veterans but more remains to be done to fulfill the promise of the nation to those who have borne the price of the battle.

TriWest Healthcare Alliance has a long and proud association with the health care community here in the state of Arizona and with our fellow citizens who have proudly worn the cloth of this nation. From 1995 to 2013, we worked alongside the Department of Defense (DoD). Today, we are privileged to lean forward shoulder to shoulder with VA, doing the same thing we have always done – facilitating the provision of private sector care to our nation’s heroes when it is unavailable directly within the federal system. In order to assess TriWest’s role in this effort, I believe it is important to provide a brief history of TriWest and how our history lead to the present efforts in support of VA, as we seek to assist VA in honoring this nation’s commitment to those who have borne the battle.

A Historical Perspective

During TriWest’s 20-year history, the company I was fortunate to help found with a group of non-profit health plans and university hospital systems and have been privileged to lead since as President and CEO, we have focused exclusively on providing access to needed care when it is not able to be provided by the federal systems on which those in uniform rely. Our first 17 years were spent helping the Department of Defense (DoD) stand-up and operate the TRICARE program in a 21-state area that included both Arizona and Senator Sullivan’s home state of Alaska.

While we no longer support the DoD in that line of work, I’m proud of the work that we did to assist DoD in making TRICARE the most popular health plan in the country and meet the needs of millions across the TRICARE West Region who relied on us for that support. And, as those of us who were around in the early days of TRICARE can attest, we know it was neither an easy nor painless road. Now, working together with VA, while the challenges of implementing a new program have been similar to the early TRICARE days, due to the added layer of complication that led the Choice Program to be brought forth so quickly, I believe we can achieve the same results for Veterans who look to VA for their health care needs.

In our experience under the TRICARE program, we had nine months to focus solely on standing up the program before the demand for services arrived which allowed time to work through start up program issues. Today, I am proud to say that although we did not have the same implementation timeframe to stand up the Choice Program, we are maturing the program and we WILL achieve the expectations that you and your fellow members of Congress had when you mandated the creation of the Choice program to more optimally meet the health care needs of our nation’s Veterans.

That said, I think it’s important to consider the historical landscape of Veterans health care in this community in order to then speak to the present and future efforts for this program.

Where We Started: PC3

In September 2013, TriWest was awarded a contract to stand-up and implement the brand new Patient Centered Community Care (PC3) program across 28 states and the Pacific. TriWest rose to the occasion by leveraging the existing networks and strong relationships already in place due to our prior work under the TRICARE contract. Initial access to specialty care from our existing network providers began in January of 2014 with the ongoing expansion and addition of primary care providers coming online over the months that followed. That network building continues to this day as VA and we learn more about where demand exists that was otherwise not being met before this program began. And, we thank the nearly 150,000 providers from our communities of responsibility who have now stepped forward and said I will serve a few of my fellow citizens when VA is unable to do so directly.

PC3 was intended to be a nationwide program giving VA Medical Centers (VAMC) an efficient and consistent way to provide access to care for Veterans from a network of credentialed specialty care providers in the community – one of TriWest’s primary missions as a TRICARE contractor. We are pleased to be sharing this work in support of VA with our long-time colleagues in the TRICARE space, Health Net Federal Services. Together we (along with VA) are working very collaboratively to leverage our collective knowledge with the common goal of optimizing VA’s direct delivery system and supplement that care with access to care in the private sector when and where it is needed.

PC3 started well here in the State of Arizona and was available to VA to provide access to specialty care in the community when VA was unable to meet the demand directly. As we know, though, the true need for expanded access to care for Veterans was just about to come to light just shortly after the launch of PC3.

The Furnace Lights Off: A Historical Perspective of Choice Program

We all remember the article on the front page of the Arizona Republic in April 2014, which brought national attention to the significant issues faced by Veterans attempting to access care here in Phoenix. When the “furnace lit off” in Phoenix, it served as the catalyst for fueling a focus on VA reform throughout the nation. At that time, nearly 15,000 Veterans were discovered to be on waiting lists for care in Phoenix alone. It is but one example of the re-setting that was needed and has since begun under the leadership of Secretary Bob McDonald, Deputy Secretary Sloan Gibson, and Under Secretary for Health Dr. David Shulkin. Since then there have been a number of Office of Inspector General reports published outlining similar findings all pointing to the reality that Veterans were not getting the care they needed and deserved in a timely manner.

The recognition that further reform was needed to meet Veteran health care needs gave birth, as you know, to the Veterans Access, Choice and Accountability Act (VACAA) and ultimately to the Veterans Choice Program. In August 2014 Congress appropriately passed VACAA and, in

turn recognizing this program needed to be stood up fast in the marketplace, VA leaned on its two PC3 contractors, TriWest and Health Net, to help implement the new Choice Card Act. In fact, we had just over 30 days to go from the policy specs being received from Congress and interpreted by VA to having a program designed and stood up by November 5, 2014 – just 13 months ago.

Within record time, we created the infrastructure, hired and trained hundreds of staff, and mailed Choice Cards to the four million Veterans in our area of responsibility. TriWest stood up a contact center with a personalized message on its toll-free line from Secretary McDonald. This was the first greeting Veterans heard in calling the line and all accomplished within 30 days which was the timeframe mandated in the law.

I recall vividly sitting in a meeting that VA held with industry in mid-September 2014, as they were seeking to determine how to implement this necessary new program, and hearing many say that a program of this magnitude would take a minimum of 12-18 months to stand up and that DoD had been given about 36 months to design and then stand up a similar program with TRICARE.

However, that was not an option. Just as those who serve are not afforded such luxuries of time when our nation sent its Veterans to a place where they were needed. So, we swallowed hard and agreed to lean all the way forward to stand up the program knowing that it would be imperfect, just as TRICARE was in the early days, but that getting it in place and refining as we went forward would be critical to helping our fellow citizens who were standing in line because they were in need of care that was not available directly within VA.

So, we and Health Net stepped into the fire at the side of VA and did what others said could not be done and jointly stretched ourselves to stand up this critical new program in weeks (not months or years). And, in honor of those whom we are privileged to serve alongside VA, we did it. The phones worked, the cards went out, and care started to be rendered in the community when it could not be directly provided by VA.

The partnership between VA and TriWest has matured substantially over the past year. We continue to refine and strengthen operational processes and communication, both on our end and VA's end. Do we still have work to do? You bet we do! But, I am very proud of what we have all accomplished in such a short timeframe. And, I am confident that the trajectory on which we are all on to refine this much needed program will produce the same results as experienced with the refinements that came quickly within the TRICARE program.

One of the core challenges when the PC3 program was first implemented was that we didn't have a clear view of the demand for care. Thus, it made it difficult to ensure a precise supply of network and the subsequent infrastructure of systems and people needed to support that demand as a company. Additionally, we faced programmatic and statutory challenges with the new

Choice program when it was first launched (which is discussed in detail later). But, we had to start moving and then refine later ... which is exactly what we have done and continue to do with intensity, and will continue to lean forward until you, Veterans and VA say that we can stand more upright and throttle back a bit. But, that will not be until the job is finished ... and we are all comfortable that our fellow citizens are receiving that which was envisioned with the enactment of Choice!

Volumes were low in the beginning as program adoption was low. Care requests were about 2,000 for that first month of 2014. While volume increased each month, care requests under PC3 only reached their peak at about 20,000 per month by the end of that year when the Choice program came into the picture.

The second iteration of the program, beginning in January 2015 (the past 12 months), focused on implementing Choice and finding solutions to some of those challenges – both internally at TriWest, as well as within VA itself. We saw steady increases in care requests month by month with about 75,000 appointment requests per month by August. Just last week that number surpassed 110,000.

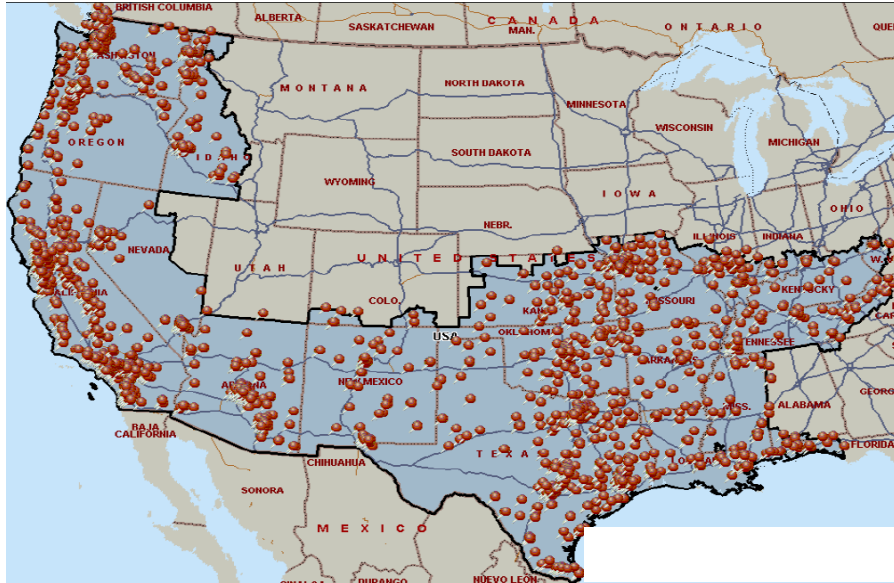
Network Growth

Foreseeing the likely increase in utilization, we initiated a process with the team from VA to sit and assess demand and determine the distribution and supply of network that would be needed in the community to support that demand. We call it the Demand Capacity Assessment Process which last summer was conducted with every VAMC within our service area. We met one on one with each medical center to assess which specialists were still required to meet the needs of that geographic area and the associated demand for those needs. This included not only the demand that was already known but that which seemed ready to materialize with the added policy decisions regarding Choice coming out of Congress. We then took the output of this data-driven process and turned to our owner/network subcontractors, including Blue Cross Blue Shield of Arizona, and started to grow the network on a tailored basis.

We birthed the tools for this process Memorial Day weekend of 2014 for the work that we were tasked with to assist the Phoenix VA in working off the backlog of nearly 15,000. Those tools allowed us to assess the demand and the needed provider and staff supply that resulted in the successful elimination of the backlog by the end of August 2014.

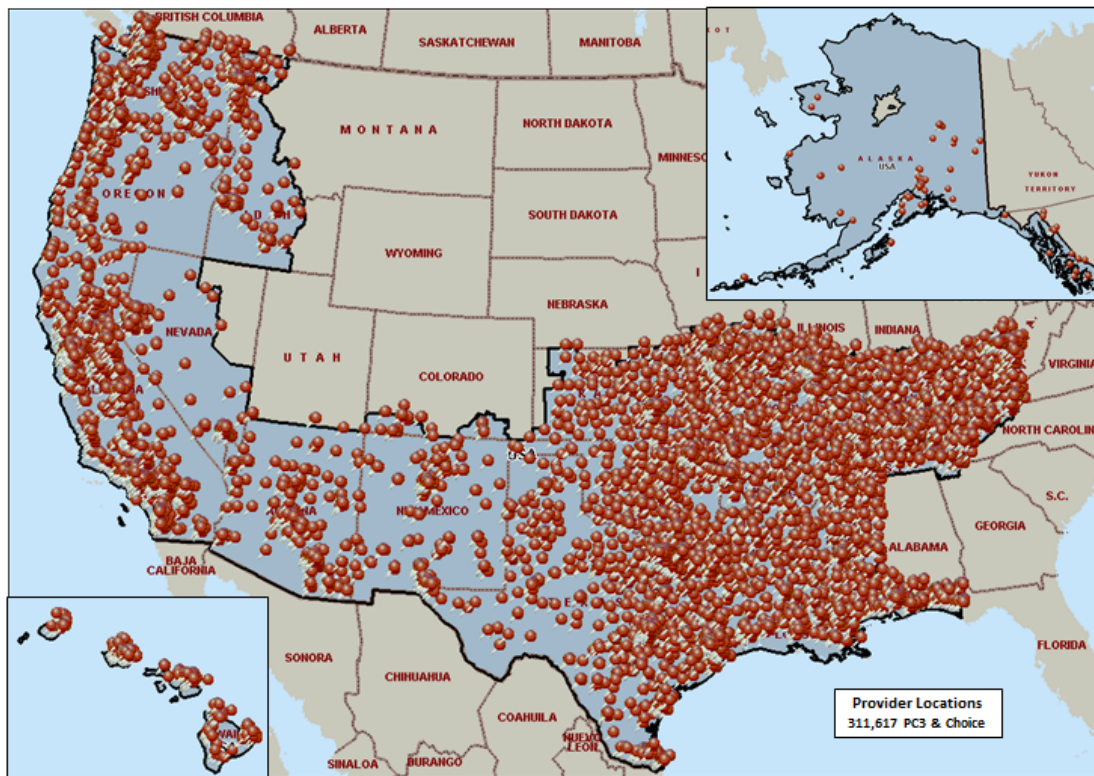
This month, will have us finishing Version 1.0 of the network build portion of the Demand Capacity Assessment Process. The first quarter of 2016, armed with the added changes to the program that have come from Congress, we will come back together for Version 2.0.

The map below highlights the results of this extremely targeted approach, which has resulted in a 23% increase in providers who have answered the call from July to October 2015 to join the network – responding to the jointly identified need.



Over the past 12 months, we tailored our network and expanded our base of 98,000 providers in January 2015 to 156,000 unique providers today (representing over 300,000 provider locations) – more than a 59% increase, and counting – to help ensure that we are available to help serve the VA health care system for their primary, specialty and behavioral health care needs. The map below shows the location of those providers.

December 2015 – All Providers



While expanding the provider network was of primary focus, we also recognized that assuring the quality of our provider network also deserved special focus. To that end, in August 2015, TriWest was awarded full health care network accreditation pursuant to the Health Network, Version 7.1 from URAC, a Washington, D.C.-based health care accrediting organization that establishes quality standards for the health care industry. TriWest demonstrated that we meet key quality benchmarks for network management, provider credentialing, utilization management, quality management and improvement, and consumer protection. The full accreditation is valid for three years. Receiving that accreditation this past summer helps ensure our nation's Veterans have access to the highest standard of quality health care providers available through our high quality network of providers.

And, as we continued to focus on the expansion of our network, this past Summer 2015, Congress refined the design of the Choice Program by enacting changes to help expand eligibility, and thus greater access to care for Veterans. And as a result, the number of care requests we received for private care has continued to grow dramatically.

Phoenix Initiatives

Now I would like to turn our focus to Phoenix – our hometown: the site in which the furnace lit off, leading to the focus on re-setting the largest health care system in the United States.

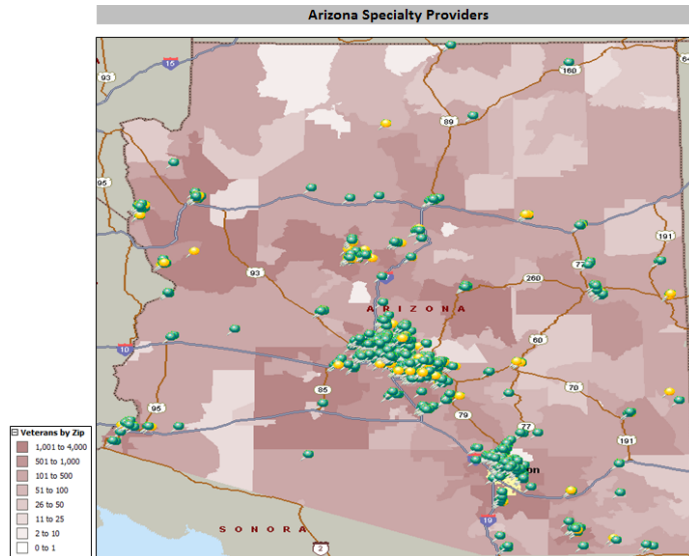
I will tell you that it was right after the revelation of the issues that I received an outreach from the Phoenix VA asking how we might partner with them to assess the backlogs and assist in resolving them. That effort, at the time, was led by Chief of Staff Darren Deering with the two of us on personal speed dial until the backlogs were resolved. That formed the foundational work for a strong partnership between the Phoenix VA and TriWest that continues to this day.

That collaborative work to resolve the backlog of nearly 15,000 Veterans, including 3,300 urology patients, has extended over the months to a full blown partnership with the Phoenix VA relying heavily on the Choice Program to ensure that care is accessed in the community for Veterans when it is not available within the VA Medical Center itself.

The entire team at TriWest, including our Arizona owner, Blue Cross Blue Shield of Arizona, would like to thank the nearly 7,000 providers in Maricopa County who stepped up and agreed to serve those Veterans standing in line. And, we would like to thank the team at VA for leaning forward since April 2014 and for allowing us the privilege of supporting you in this critical work of ensuring that our nation's heroes receive needed care when you are unable to deliver it yourself. We could not be more proud to be your partner.

With regard to our provider network in Arizona, in July 2015, we had 9,000 providers in the network. Just four months later, we have increased the Arizona network by 23%, and proudly have over 11,600 unique providers in the network who have stepped forward to provide care for

our nation's heroes. The following map shows the distribution of those providers, as of November 2015:



Yellow represents PC3; Green represents Choice

As most of us here today know, the providers in this community shoulder the increasing demand experienced as a result of our snowbird population during the winter months. Researchers estimate 300,000 snowbirds in Arizona during winter months, including many Veterans. Additionally, some of those visitors in Arizona arrive with care needs, or continuing care needs. It makes the challenge of access for all of us more difficult at this time of the year, and thus the necessity to share the privilege of serving Veterans between VA and community providers essential to meeting demand. I just don't think we can say thank you enough to those providers who have agreed to lean forward and help provide the needed care for Veterans, particularly during the winter surge months in Arizona.

Delivering an exceptional Veteran and provider experience with the Veterans Choice Program is our objective. It is important to Veterans, providers, VA and those of us at TriWest. In fact, it is exactly what we successfully accomplished nearly every time in TRICARE as we became the standard against which others were often measured. We didn't do it for ourselves. We stretched ourselves to that place for a reason... it was our way to honor those whom were privileged to serve and those providers who joined us in that noble cause. And, believe me when I assure you that we will not rest until we achieve the same in this work.

And, while we hear regularly from Veterans who are delighted with their experience, we also hear from those whose experience at this early stage of the program that leaves something to be desired. It is the latter group that has our attention as we want our work to be worthy of those whom we are honored to count as our customers.

As part of our commitment to achieving the same performance outcome as we produced in TRICARE, we turned to a 20-year partner of ours to repeat an effort we undertook in that work. Once we had a few months of experience under our belt at the side of VA, we started a very focused and intentional effort to assess and understand current experience, identifying gaps and opportunities for improvement by conducting in person, “blueprinting” sessions alongside the industry leading Arizona State University’s world-renowned Center for Services Leadership (ASU CSL). In fact, it is they who train such industry leaders as Proctor and Gamble, Starbucks, Disney, and the like in the techniques of customer service mapping and process improvement.

One of the initial blueprinting sessions held this summer included Veteran representatives, Phoenix VAMC leaders, Veterans Service Organization leaders and TriWest stakeholders. As a result of the blueprinting effort, TriWest and VA made changes to processes, program materials, and training to improve the experience for Veterans. The very early indications are that this time-tested approach, mirroring that of the most highly regarded customer service brands in America, is beginning to yield results that matter. TriWest has also introduced the ASU CSL process known as “service recovery” to address customer service breakdowns identified in our complaints and grievance process for inquiries received from Veterans, providers, Congressional offices and VSOs. This process ensures that root causes are analyzed by the leadership so that process improvements to customer service can be made.

Similarly, the provider experience is critical to both TriWest’s and our network subcontractors’ ability to build and maintain networks to serve Veterans. We recognize that many of the requirements placed on providers to participate in the PC3 and Choice programs create a significant administrative burden, and often go beyond what is typically required of providers to treat patients. It is for this reason that we are making efforts to reduce this burden, where it can be controlled by TriWest, by streamlining our processes. As a result of the provider blueprinting effort, TriWest is now revising our provider letters and redesigning our *Provider Portal* (similar to what we did this past year with the VA portal) to improve the overall provider experience. We call this upgraded experience, “Provider 2.0” – as we take the provider experience to another level, for the 156,000 plus providers in our network who serve the health care needs of our nation’s Veterans.

In an effort to lean forward further in the critical space of behavioral health here in our hometown, in response to an outreach from the Phoenix VA, we initiated a pilot project to care for Veterans in urgent need of behavioral health services, who present themselves to the VA emergency department. TriWest has committed to helping place such individuals into the private sector for their emergency behavioral health needs in a timely manner, and to date has ensured that more than 166 Veterans received the urgent behavioral health care they needed. That number represents saved lives. We want to thank the team at VA for having the confidence to turn to us as a teammate, so that together we might address a challenge they were facing.

Another example which illustrates the great partnership we have developed with VA – a partnership aimed at taking care of the Veterans that we are so privileged to serve – occurred right here in Phoenix (as well as nine other locations in the regions where we operate).

On Saturday, November 14th, TriWest stood alongside VA on a special initiative – “Stand Down Day” to advance efforts to reduce the number of Veterans with high-priority or urgent care problems waiting longer than 30 days and to learn together what should constitute our focus in the months to come as we seek to further refine the operation of Choice.

In a collaborative effort with VA, TriWest assembled a team to provide real-time, onsite support for the Stand Down efforts within 10 pre-determined VAMCs. Through this collaborative effort, TriWest worked 6,500 Choice Veterans and the associated referrals. On Saturday, November 14th, TriWest stood in support of the Stand Down with 868 employees working across all hub locations. The TriWest staff responded to inbound phone calls from Veterans and VAMC representatives, responded in real-time to VA comments posted through the shared web portal, data entered all new referral requests received on the 14th, and placed outbound phone calls to Veterans to initiate the appointment process. In addition, TriWest staff (including myself and other senior leadership) joined the VA staff in 10 specific VAMCs to provide real-time, onsite support.

As a result of VA initiating the Stand Down project, VA and TriWest were able to close the gap on outstanding health care service requests at VA and place a significant number of Veterans in the care of a community provider. The results for clinically urgent care were particularly strong as the large majority of care requests were appointed within 5 business days.

Right here in Phoenix, the Phoenix VA submitted a file to TriWest containing Choice referrals for approximately 298 Veterans. TriWest identified 502 referrals for this population. Beginning on November 14th (and scheduled to continue through December 11) TriWest staff researched all unresolved referral requests and initiated contact with Veterans, providers, and VA staff. Overall, TriWest has been successful in reducing the number of pending referrals to less than 30. The results for Phoenix demonstrate the growth of the network of community physicians as well as the tremendous collaboration between TriWest and VA to drive favorable outcomes in a timely manner.

In the area of educating Veterans, providers and others about this program and its operation, TriWest has shown its presence at a number of local town hall meetings around the state of Arizona, as well as attendance and support at a number of Congressional Veteran Resource Clinics. We have briefed government, non-profit and civic leaders on the program and efforts to improve the processes and will continue to do so as we move into 2016. We are also very active with our support of the Veterans Economic Community Initiatives program that was launched by Secretary McDonald in June 2015. This program is committed to providing employment opportunities for Veterans and their families through a network of support at the community

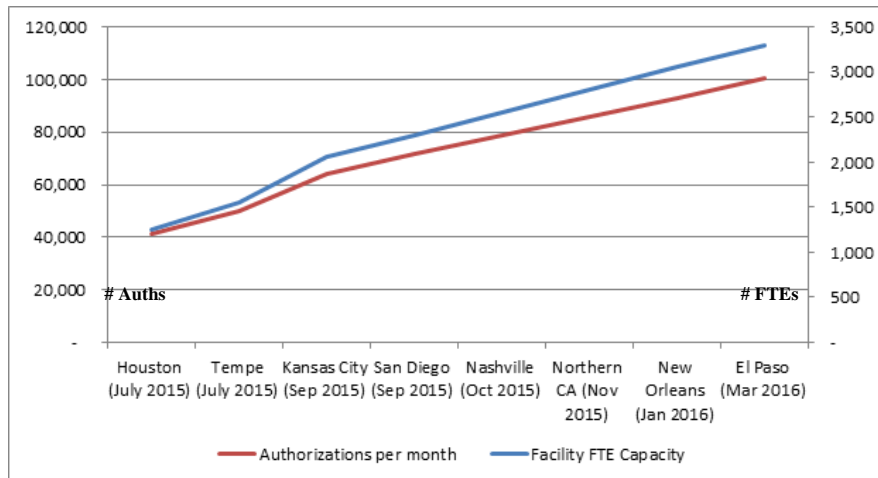
level. In fact, many of our operations centers we have opened throughout the country are located in VECI communities, to include Phoenix, where this program launched and where we had the opportunity of joining Mayor Stanton in the announcement of this program as one of the first companies in Phoenix to take up the mission of hiring America's Veterans.

At the end of the day, Phoenix is our hometown. Our company, which was formed here 20 years ago, remains headquartered here in Phoenix, and employs over 1,000 employees in both our Tempe and Phoenix locations – most of whom are either Veterans or family members of Veterans. This number represents a 150% increase in staffing and a significant job growth impact to these communities dating back to one year ago today. We essentially operated as a startup company when we began this work with VA back in 2013, and have ramped up quickly to keep pace with the increasing Choice program demand.

Operational Growth, Innovations and Program Improvements

Beginning in May 2015, TriWest responded to the growth in care requests by ramping up our workforce, expanding our footprint and our network, and working on operational efficiencies. To meet the increase in demand of care requests that is on pace to hit over 110,000 authorization requests by the end of this month, we have added six new operations centers across our geographic areas of responsibility and implemented a VISN-centric strategy with each of our locations, to better serve those geographic areas “on the ground”. Over the past few months, TriWest has opened operations centers in: San Diego (225 employees), Kansas City (over 500 employees); Tempe, AZ (300 employees); Nashville (225 employees); Honolulu (50 employees); and Sacramento (225 employees). We are opening another location next month in New Orleans (250 employees) and a final location in March in El Paso, which will bring us to 10 total locations (including our Phoenix hub and our Puget Sound operations center which were already in place). My expectation is that once we are fully staffed at each of these sites (based upon the eligibility criteria that exists today), with all new staff online, that we will be able to adequately handle the increasing demand coming through this program, which frankly has continued to be a bit of a struggle, as demand has continued to exceed all of our projections!

The following chart outlines the growth in demand of authorizations; specifically, the number of authorizations per month and TriWest's approach to scaling to meet that demand – location by location, and within a very short timeframe.



At the same time, TriWest spent 2015 focused on innovations to help improve program operations across the enterprise. In addition to standing up contact centers, hiring thousands of new employees and building networks, a large focus has been on upgrading systems. We stood alongside our partners at the Phoenix VA almost one year ago today to obtain their requirements for a new portal – a region-wide system that enables VA staff to seamlessly order and track health care services between themselves and TriWest. We had a team of people working in shifts, around the clock for three months, to develop the upgraded portal, which was implemented in several phases beginning in May 2015. The new portal was available to every VAMC within our region by July 2015. Today, VA has over 2,500 trained users on the system, and they rely on this system to manage most aspects of community health care delivered through the Choice program.

Another major initiative TriWest implemented to help manage the surge in program volume and growth in usage among Veterans, and aimed at customer service, was a new Customer Relationship Management System. This new tool will ultimately assist our staff in delivering effective and efficient customer service encounters, just as we did in TRICARE and USAA for those who have served. The system also brings improvements to the user interface and the ability to document outbound and inbound calls with Veterans – all aimed at improving customer service.

And within the contact center, we recently have also implemented a Behavioral Analytics Call Monitoring System which helps improve staff interactions with customers, VA staff, providers and Veterans alike. Our contact centers are being built just as they were under our TRICARE contract – which was recognized for call center operation customer satisfaction excellence for five consecutive years under the J.D. Power and Associated Call Center Certification Program. That distinction acknowledges a strong commitment by TriWest call center operations to provide “An Outstanding Customer Service Experience.” It is how we have always operated, and we are committed to that high level of customer service operations again under this program.

On the provider side, we have worked to streamline the claims payment process whereby providers submit their claims electronically and receive their payment within four days. This helps improve provider satisfaction as we approach a better place with claims processing. Today, we are two years ahead of the cycle over where we were in TRICARE. And, TriWest pays clean claims at a rate of 95% in less than 30 days.

With all of these initiatives, tools and expansions in mind, I would be remiss if I did not mention that all these needed upgrades that have been implemented over the past 12 months or so, do not come without cost. Our company's sole line of business is to care for Veterans – it's who we are; it's what we do. And from all we have done in dedicating ourselves to this mission, we have put the priority on getting this right for our nation's Veterans because our non-profit owners believe that is the right thing to do.

Investing around \$60 million of our owners money thus far to further our and VA's joint objectives to develop more optimal tools, tailor networks, and scale and re-footprint the company to more optimally deliver customer service at the side of VA, we are pleased with the refinement that is starting to materialize. The fact is that we continue to work hard alongside VA to do whatever it takes to make this program meet the vision from which it was created!

Focus on Customer Service

At the end of the day, the most important tool and resource we have is the feedback from our customers – our nation's Veterans and our network providers – and that we take into account all input received, acknowledging that customer service breakdowns lead to service recovery opportunities as well. To that end, I would like to provide a few examples of Veterans who exemplify the work we are doing in this regard and how we are taking a “service recovery” perspective to fixing issues for these Veterans and those who will follow:

Case Study #1: When Contract Conflicts With Care

Under TriWest's contract with the government (and as prescribed by Congress for Choice-eligible Veterans), TriWest is limited to authorizing follow-up care for a period of 60 calendar days from the date of the original date of service. In some instances, such a timeframe is appropriate for the initial appointment, procedure and follow-up care. However, we have seen many examples of Veterans (and providers) who are unnecessarily stifled by this authorization limitation while in the midst of receiving treatment. Three examples of note:

- 1) TriWest has worked with a Veteran who requires a specific type of blood transfusion treatment for a chronic condition he contracted during his time in Vietnam. This treatment must occur on a monthly basis for the rest of his life. In the past, he has been able to secure an annual authorization for this treatment, but under Choice he and his

provider must now request six authorizations a year – a significant additional effort and expense for all parties involved.

- 2) We have a female Veteran in the community who is pregnant and was being seen by a community provider through the Choice program until a few weeks ago, then the facility indicated they were dropping all maternity patients because they did not want to deal with the “back and forth of getting authorizations...” In speaking with the office administrator for the facility, they indicated that their practice made the decision to no longer treat any patients related to the Choice program because they are unable to receive an authorization up front for the entire period. While TriWest was able to place her with another provider in the community and ensure the remaining authorizations are in place for the remainder of her pregnancy, changing a maternity provider mid-pregnancy is certainly not a desirable outcome for any Veteran.
- 3) TriWest has handled several cases of Veterans beginning or in the midst of cancer treatments where the same authorization challenges apply. In this and all other examples, the current model has TriWest “layering” authorizations in our system to track for coverage of when the next authorization will be necessary, but the requirement for the provider to request that next authorization prior to the end of the 60th day still remains.

TriWest and VA brought this matter to the attention of the congressional committees of jurisdiction earlier this year to explain this challenge to coordinating care for these types of long-term needs. We were successful in securing this needed legislative change, and are looking forward to this change taking place at the beginning of 2016.

Case Study #2: Growing Pains Lead to Systemic Customer Service Issues

- 1) As discussed earlier, the expedited timeframe for standing up this program has led to challenges for all parties involved (Veterans, providers, VA staff and TriWest staff), and in some ways those challenges have been magnified given that the growing pains of a new system (that is still frankly in its infancy) are far greater than those of a program that had time to work out the bugs before going live. We have seen many examples of those:
 - a. We had a provider group in metro Phoenix contact us in March of this year, that had been having significant difficulties getting secondary authorizations approved for services dating back to October of the previous year. Our research identified that the provider had sent in multiple Secondary Authorization Requests (SARs) for care, some of which were the responsibility of TriWest, while others fell on the end of the Phoenix VAMC. Situations like this one led to our effort to collaborate with the Phoenix VAMC, and then seek the input of the other VAMCs across our area of responsibility, to create the next generation VA portal – streamlining both communications and workflow for both parties.
- 2) We received a written complaint from a Veteran in the Valley who was upset with the conduct of two patient service representatives that his wife had received calls from about

her husband, believing that the staff were “disrespectful and argumentative.” The Veteran’s wife was authorized to make and receive phone calls regarding all respect of her husband’s care, as a signed authorization to release information form was on file with our Privacy Office, but the contact center staff were not identifying this information during the calls. In this case, the staff in question were subcontracted call center staff who were not well versed in TriWest’s customer service protocols (which is standard for all of our new contact center staff) and who were unaware of the process for confirming this information. TriWest’s CRM system mentioned earlier now provides an alert at the beginning of a call if such information is on file with TriWest, enabling our staff to speak with a Veteran’s designated representative about their health care from the beginning of the communication.

- 3) Historically, we have experienced frustrations from some Veterans who have found themselves appointed to providers anywhere from 60-150 miles or more away from their residence, even though local providers or options much closer were available. Such was the case for an Arizona Veteran earlier this year who, while speaking with a contact center representative in Louisiana, was appointed for a colonoscopy provider located 90 miles from where the Veteran resides. Increases in the provider network across our region, combined with the VISN-centric approach to contact center operations (which enables us to train our staff on the state(s) they serve and better grasp the communities and referral patterns that exist in those states), has lessened these types of frustrations for Veterans.

While there are certainly other examples of breakdowns in the overall process – some VA-centric, some solely on TriWest’s shoulders, some policy and contract-related and still others that are best described as “perspective-driven problems” given the attention to this program by the media and the heightened sensitivities to the way the system “should” work – we will continue to identify, research, resolve, track and trend these opportunities for program improvement for the benefit of those we serve and those providers who pledge to serve alongside us in this effort.

This work is intense and focused, just as should be... as we are trying to quickly address the processes we all know need attention in order to improve this critical program and meet the intended objective of Choice.

While I will submit that challenges still remain as the program continues to mature, the customer experience under VCP is getting better with each passing day. Information provided by TriWest staff is more consistent and more accurate; providers are more familiar with the program; and we have recently implemented an initiative that allows any provider in our region to register online with us to be a VCP provider. Knowing who is willing to treat a Veteran under VCP, even if they are not already a TriWest network provider, goes a long way towards speeding up the appointing process.

On a daily basis, our focus is on improving the program. I say this because each challenge presents an opportunity to make the system better and prove to Veterans that good can come from their utilization of this benefit bestowed on them by you and your fellow members of Congress. Whether it's the 95-year old Veteran in northwestern Arizona who used to drive three hours to Phoenix for care (and now gets his physical therapy 10 minutes from home) or the Veteran who spoke with one of our staff after his knee replacement, noting he's had 20 surgeries in his life and the process through Choice was "the easiest of them all" and "perfect", we know that Veterans are beginning to recognize the benefit of this program as utilization increases.

That said, I was honored to receive a copy of a letter received just this past week from a Veteran in Meadview, Arizona – one of the most remote and rural parts of northwestern Arizona – where the Choice program is often of greatest benefit to our Veterans. The letter reads as follows:

"I am a Veteran, having served in the US Army from 1969 through 1971. Today I had the pleasure of calling the VA Choice Program and talking to Jocelyn. After 25 minutes, Jocelyn had understood my problem and solved it. She was knowledgeable, knew the right questions to ask, exhibited professionalism, patience and perseverance! I am very pleased at the outcome. This is only the second time I have used the VA Choice Program and both times there were no problems, just relatively easy solutions. I hope the government will make it a permanent program. It is really a blessing to Veterans I have talked to. Please make Jocelyn aware that she did a magnificent job! I also talked to her supervisor to get this address and she was friendly and appreciative. Thank you for hiring such good people to work with Veterans."

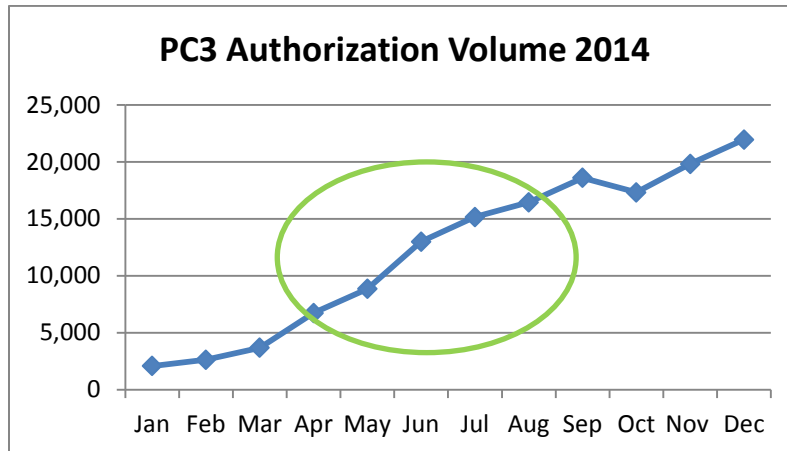
"P.S. – Desiree just called with my appointment! Five hours to get it done! Simply wonderful. Thank them all for me."

This is but one individual Veteran, but such statements (which come with increasing frequency) reflect a belief that as this program is allowed to mature, more and more Veterans will find similar benefit in this choice afforded to them through your efforts. Such statements will also continue to charge our batteries as we work relentlessly to make this program into what Congress envisioned less than 16 months ago.

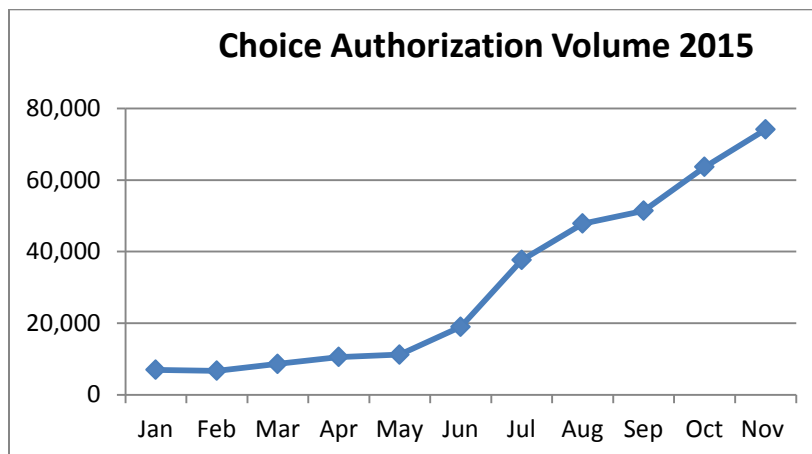
TriWest Performance – Becoming "the Answer" to VA

General George Patton said "a good plan violently executed now is better than a perfect plan executed next week". I think we now know personally the definition of "violently executed", as that has been required of us. We adopted this mindset to begin working off the significant care backlogs in place when we were awarded the contract. And while more time to implement the program would've been ideal, it was necessary to begin coordinating Veteran's health care immediately.

Beginning in 2014 when PC3 was implemented, the program started out slowly with a couple thousand care requests per month. Networks were being developed, and we phased our implementation by region beginning in January of 2014. Then, in April 2014, the furnace lit off in Phoenix, which ignited a rapid increase in program utilization nationwide. Over time, program adoption grew, and by the end of 2014, TriWest received almost 22,000 care requests from VAMCs throughout our regions, as displayed below:

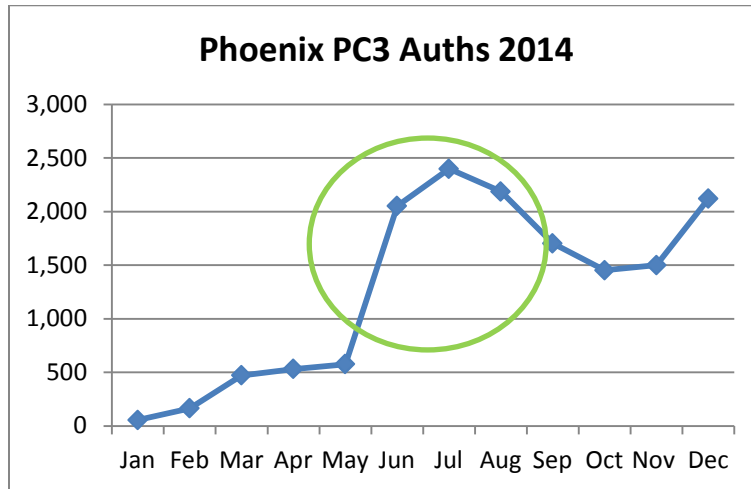


At the tail end of 2014, and moving into 2015, the Choice implementation was birthed. At the start of the Choice program, we received requests for only 2,000 Choice Card appointments for the entire month. This number has skyrocketed and expected to surpass 110,000 this month – just one year into the program. For those of us who are math minded, that’s over a 4,900% increase in volume. The chart below shows the upward trajectory for the number of authorizations received per day in 2015:

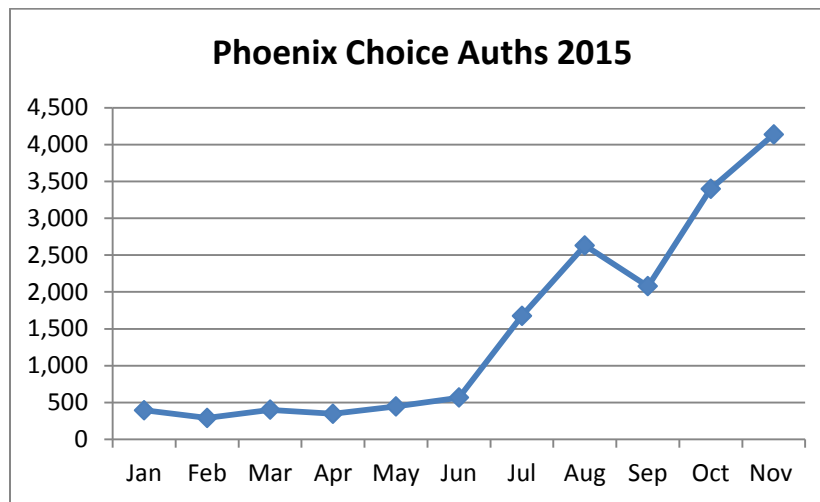


Although this massive growth is a positive indication that more and more Veterans are receiving the care they deserve, it does not come without operational challenges. Despite having added six operations centers over the past six months, increasing staffing by thousands, adding numerous innovations to systems and process, we are still not able to fully keep up with demand.

It should not be surprising then, that Phoenix experienced similar growth as a result of the furnace lighting off in April 2014, when the most significant growth occurred, as pictured below:



The next period of substantial growth in Phoenix occurred as the result of the several initiatives that Congress passed in the summer 2015 to help open eligibility for our nation’s Veterans. As the following chart shows, Phoenix also underwent extreme growth in Choice program usage this past year:



This surge in demand over time is being tackled through several strategies, both on the policy side and also operationally, and progress is being made. For example, most recently VA implemented a change order to our contract in early October, which is aimed at lessening the wait lists and speeding the Veteran’s access to care. That change involves using a more proactive approach to making health care appointments for Veterans, through the use of outbound calling. That is, through a streamlined process with VA, we now reach out to call the Veteran directly

versus waiting for the Veteran to call us. The new outreach processes we have developed jointly with VA keep the care requests moving rapidly through the system, so the Veteran receives care more expeditiously.

In addition, TriWest continues to scale to meet the demand. Our staffing will grow by another 500 employees over the next couple months, and we will assess any additional locations that may be needed – depending on volume – at that time. In the meantime, we are supplementing with using overtime and other external resources until the opening of our next facility in New Orleans in January and the facility in El Paso at which team we will have nearly 3,000 staff engaged in this critical work.

Further, we continue to collaborate arm-in-arm with 10 VA-identified VAMCs to research and respond to a significant number of authorizations, through the Stand Down Project. This ensures Veterans needing clinically and administratively urgent appointments receive them in a timely manner.

Finally, processes improvements continue to be worked as we implement additional operations centers to round out our presence in each of the VISNs within our regions. As with any new implementation or new job, there is a learning curve. Our employees will continue to become more efficient in their work, systems will continue to be tailored, and processes refined, ultimately resulting in a favorable outcome for the Veteran – which is meeting the overall goal of this program.

Refinements in Policy

At the outset of this program, Congress acted quickly to implement a program which provided enhanced access to Veterans health care. Since then, many legislative changes have occurred to address some nuances of this program that were unforeseen in the beginning.

The first of such changes began in January 2015, under the Omnibus Appropriations Act, when Congress addressed the rate issues present in the state of Alaska given the very unique area under Senator Sullivan’s jurisdiction. This change helped align rates in the area with the marketplace – a key component to provider satisfaction and contracting in that state.

Several months later, in July 2015, to further improve the program from a policy perspective, the “Surface Transportation and Veterans Health Care Improvement Act of 2015” modified several requirements of the Veterans Choice Act of 2014.

First, the Act repealed the 60-day limit on follow up care. Instead, the authorization extends for the entire episode of care. When we receive the formal modification to implement this change, it will open doors for many Veterans who need urgent services lasting beyond 60 days, and will

help with certain provider groups who desire to provide care to Veterans, but are stifled by this 60 day authorization rule. We expect that this much anticipated change officially will be modified into our contract in early 2016. When this occurs, patients who face serious conditions (such as the case studies I shared with you earlier) will be able to receive the entire episode of care (chemotherapy treatment, maternity care, etc.) that is required to complete their treatment.

Second, the Act repealed the August 1, 2012 enrollment limitation on eligibility of Veterans in the patient enrollment system. This critical change removed the requirement that you have to be enrolled in VA prior to August 2, 2014, to be eligible for Choice Program. The impact was great to Veterans, allowing near instantaneous determination of eligibility by the VAMC.

Third, the Act extended provider eligibility to any health care provider meeting VA criteria – this change helped open the pool of providers who could provide health care to this deserving population.

Finally, the Act based the 40-mile distance requirement as the distance traveled from a VA medical facility instead of ‘as the crow flies’, including one offering primary care for a Veteran seeking primary care. This gave more Veterans access to the program, especially in complicating geographic areas.

Another program change last summer that was directed at improving access was the Administration’s implementation of the Choice First program – which immediately expanded eligibility and opened the flood gates to care by giving a Veteran the ability to obtain services in the network, when such specialty was not available at all within their local VA medical facility.

Congress continued assessing necessary program modifications later into 2015. In September 2015, TriWest received a contract modification regarding outbound calls, and elimination of blind appointing, and were authorized to begin working these changes on October 1. This more proactive approach to making health care appointments for Veterans prevents an authorization from sitting and aging, awaiting a phone call from the Veteran. And as a result, more Veterans receive health care, and they receive it more timely.

This past month, Congress expanded access to private doctors where its Community Based Outpatient Clinics lacked sufficient provider access, expanding the number of patients who are eligible to seek care in the community under the Choice program. As a result, if VA has no primary care doctor on staff, a referral for private care is not required. This change alone should open the program up to about 160,000 more Veterans.

And finally, we recently received federal approval within our contract to allow TriWest to staff employees at VAMCs with the execution of an appropriate Memorandum of Understanding. Moving forward, TriWest will have several cells of embedded staff within a multitude of

medical centers, including right here Phoenix... where Veterans will be able to be walked right down the hall after a medical appointment that identified need for care in the community. In that office, they will get educated about the program, we will learn of their preferences, and we will start the process of securing them an appointment in the community. We know from our work during the TRICARE program that having staff embedded in a medical facility 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 here in Phoenix. 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 timelier manner and ensure better daily coordination at a personal level instead of faxes, phones, internet portals and emails. We have one such cell in a pilot phase at present at a VAMC within our service area, and will expand to several more facilities – including Phoenix – this year.

Overall, I commend Congress for all the steps it has taken this past year which have driven great program improvements. In addition to the changes that have already been modified into our contract, we are awaiting for the 60 authorization to change to an episode of care (as mentioned above) and we also anticipate a change in Medicare payment, whereby providers no longer have to be Medicare participating in order to see one of our nation's Veterans. This will be another piece to the puzzle of opening up more access to care for those providers who wish to provide care for Veterans nationwide.

The pace is swift and, as you can see, changes are plentiful, but we are implementing at lightening pace, changing programs and refining processes along the way, and MUCH has been done to set the groundwork to improve the overall program and enhance access to care for our nation's Veterans.

Looking Forward – the Art of the Possible

Now that we have had a glimpse into the past, let me take you to a very important part – the future and where this program will take us in the way of the 'next generation' of the program, so that Veterans get the best care they need and deserve. Here's what I see over the next six months that is part of the formula for success moving forward.

At this point, I can confidently say that the Choice program is well on its way to working. Veterans are receiving more of the care they need, when they need it. But there continues to be unmet need. And while the program is working, it's still not working fast enough.

One thing we know for certain is that through all of this, the VCP brought significant availability to health care for Veterans by making many community providers available to enhance access

when access to care in VA is sufficient to meet the need. As the Deputy Secretary, Sloan Gibson, stated during the House VA Committee hearing on November 18, there have been seven million more appointments scheduled this year, compared to last year. While not all of this has flowed through Choice, the volume is continuing to increase as we refine our capability and enhance our supply of network and staff to match demand. Despite all the maturation that still needs to occur to perfect the program, this to me, is great progress because millions more Veterans are receiving health care under this program than they were last year. Now, Veterans are demonstrating that they are gaining trust in the program, and TriWest, and are seeking the care they need.

Demand for health care will grow as Veterans who may have become discouraged and given up seeking care return as the backlogs across the system and we continue to work together to effectively address access issues. We expect that as Veterans continue to build trust in the Choice Program, they will continue to seek out this care when VA is unable to meet the need directly. It is for this reason that we will continue to expand our operations over the next six to nine months – and beyond.

The network will continue to expand and be high performing, so that the Veterans we serve – and the VAMCs we serve alongside – will continue to have the ability to access needed care in a timely fashion.

Additionally, Choice 1.0 will have been given more time to mature, allowing time for operational efficiencies to take hold. We are working daily and hourly with our partner, VA to get this right.

Legislative advances to help move this program forward will have taken a strong foothold. For example, the final contract modification will have been provided to us, giving us the ability to implement legislation that removed the 60-day authorization limitation and instead authorizes care for an entire episode of care. This will open doors for many areas, including those services that typically are needed for more than 60 days such as chemotherapy treatment.

We are also working arm-in-arm with our VA partners to encourage other legislative changes that will promote less hassle from a provider's point of view, which aligns with standard market practices in local communities. 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. Similar to the work we did under the TRICARE program, this will just take time for maturation, and we are working toward that end.

In summary, VA's health care system was originally designed to meet the needs of America's Veteran population when inpatient care traditionally was associated with long admission stays. The last major reform of the VA health care system occurred when Congress passed the Eligibility Reform act of 1996. The result of this legislation was enhanced eligibility and access to care. Prior to that, the biggest change in delivery design occurred when Dr. Ken Kizer introduced his Vision and Journey for Change in the early 1990s.

In 2002, the VA system was re-examined and assessed changes in geographic concentrations of Veterans and ways in which medical treatment was provided. A process called CARES (Capital Asset Realignment for Enhanced Services) occurred to 'update' the VA health care system.

Now we are in the midst of another VA health care reform, and we have the opportunity to make the health care delivery model the most efficient it can be. In my opinion, the best system for Veterans is a VA public-private partnership that builds on what VA does best, while leveraging private sector provider networks and best business practices created by TriWest. But, VA must ultimately be the backbone, focusing on their core mission of taking care of its soldiers inside the four walls of VA. And VA must allow their private sector partners, TriWest, to do what we do best which is to build and enhance networks, process claims, schedule appointments, and help coordinate care for the best outcomes for the Veteran, with flexibility, effectiveness and efficiency. We must continue to work together for the betterment of VA health care, alongside VA and Congress, and we all must continue to build upon the core that we have already developed.

Conclusion

Mr. Chairman, I hope my testimony here has provided some useful information as to how TriWest became a part of this effort, where we are today, and where we are headed in the future. 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. We have always stood ready to implement VA health care needs within record speed and record time, and will continue to dedicate ourselves to this critical task, all in support of our nation's Veterans. It is an awesome responsibility and our owners, and we look forward to continuing to be a large part of the formula for future success, as we continue to be part of the "relief valve" for VA.

I want to conclude by thanking my fellow panel members, the leaders from the VA health care system at VA Central Office, the VISN, and the Phoenix VAMC, for their leadership, their commitment, their partnership, their tolerance of us as their partner, and their commitment to ensuring that our nation's heroes receive that which they have earned with their service ... when and where it is needed. I want to thank the amazing providers of this community who have leaned forward and said I will serve a few when VA is unable to meet the need directly. And, I want to thank you, Senators McCain, Flake and Sullivan, for your leadership in working to

define the way ahead and partner with all of us to make enhanced access care possible for those who have worn the cloth of the nation!

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