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On

Making the VA the Workplace of Choice
for Health Care Providers

Presented to the

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United States Senate

By

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Good morning and thank you for this opportunity to testify on the recruitment and retention of health professionals at the Department of Veterans Affairs (VA). I am Dr. John McDonald, Vice President for Health Sciences and Dean of the University of Nevada School of Medicine and a member of the Association of American Medical Colleges (AAMC) VA-Deans Liaison Committee. I also recently served as the Chief of Medicine at the Salt Lake City VA Medical Center. The University of Nevada is affiliated with the Reno and Las Vegas VA Medical Centers of the Sierra Pacific and Desert Pacific Veterans Integrated Service Networks (VISNs 21 and 22, respectively).

The AAMC is a not-for-profit association representing all 129 accredited U.S. medical schools; nearly 400 major teaching hospitals and health systems, including 68 Department of Veterans Affairs medical centers; and 94 academic and scientific societies. Through these institutions and organizations, the AAMC represents 109,000 faculty members, 67,000 medical students, and 104,000 resident physicians.

I would like to thank the committee for your support of the Veterans Health Administration (VHA) in the fiscal year (FY) 2009 budget resolution. Your leadership resulted in the Senate's passage of \$48.2 billion for FY 2009 discretionary veterans programs, including medical care.

For the Veterans Health Administration programs in FY 2009, the AAMC recommends \$42.8 billion for VA medical care, \$55 million for VA Medical and Prosthetic Research, and \$45 million for VA research facilities improvement. This funding is crucial to the continued success of the primary sources of VA's physician recruitment and retention: academic affiliations, graduate medical education, and research.

Physician Shortage

Concerns about physician staffing at the VA come at the same time the nation faces a pending shortage of physicians. Recent analysis by the AAMC's Center for Workforce Studies indicates the United States will face a serious doctor shortage in the next few decades. Our nation's rapidly growing population, increasing numbers of elderly Americans, an aging physician workforce, and a rising demand for health care services all point to this conclusion.

Many areas of the country and a number of medical specialties are already reporting a scarcity of physicians. Approximately 30 million people now live in federally designated physician shortage areas. An acute national physician shortage would have a profound effect on access to VA health care, including longer waits for appointments and the need to travel farther to see a doctor.

Currently, 744,000 doctors practice medicine in the United States. But 250,000—one in three of these doctors—are over age 55 and are likely to retire during the next 20 years, just when the baby boom generation begins to turn 70. The annual number of physician retirees is predicted to increase from more than 9,000 in 2000 to almost 23,000 in 2025. Meanwhile, since 1980, the number of first-year enrollees in U.S. medical schools per 100,000 population has declined annually. Consequently, America is producing fewer and fewer doctors each year relative to our continually growing population.

Because it can take as many as seven to ten years after college graduation until new doctors enter practice, the AAMC believes that we must begin to act now to avert a physician shortage. Specifically:

- The AAMC has called for a 30 percent increase in U.S. medical school enrollment by 2015, which will result in an additional 5,000 new M.D.s annually.
- To accommodate more M.D. graduates, the AAMC supports a corresponding increase in the number of federally supported residency training positions in the nation's teaching hospitals.

Recruitment Incentives

With difficulty recruiting health professions, the VA in some cases has similar characteristics to certain rural and urban areas, population groups, or medical facilities designated as "underserved" by the U.S. Department of Health and Human Services. The National Health Service Corps (NHSC) has a proven track record of expanding access for underserved populations by supplying physicians to federally designated shortage areas. The NHSC provides scholarship and loan forgiveness awards in exchange for service in qualifying "health professions shortage areas" (HPSAs). After five years of service, the majority of physicians are able to forgive their entire educational debt.

Similarly, the VA's Education Debt Reduction Program (EDRP) provides newly appointed VA health care professionals with educational loan repayment awards. However, the EDRP is limited to \$49,000 spread out over five years of service. As the average medical education indebtedness has climbed to over \$140,000 in 2007, the limited EDRP awards fail to provide an adequate incentive for most physicians.

The AAMC has had initial discussions with Senator Dick Durbin's office regarding the "Veterans Health Care Quality Improvement Act of 2007" (S.2377), which has been referred to the Senate Committee on Veterans Affairs for consideration. The AAMC is strongly supportive of the bill's proposed increases for VA physician educational loan repayment in exchange for at least three years of service in "hard-to-fill positions," as determined by the VA. Under this program, VA physicians would be eligible for up to \$30,000 in loan forgiveness per year until their medical education debt had been repaid.

Academic Affiliations

The affiliations between VA medical centers and the nation's medical schools have provided a critical link that brings expert clinicians and researchers to the VA health system. The affiliations began shortly after World War II when the VA faced the challenge of an unprecedented number of veterans needing medical care and a shortage of qualified VA physicians to provide these services. As stated in seminal VA Policy Memorandum No. 2 published in 1946, the affiliations allow VA to provide veterans "a much higher standard of medical care than could be given [them] with a wholly full-time medical service."

Over six decades, these affiliations have proven to be mutually beneficial by affording each party access to resources that would otherwise be unavailable. It would be difficult for VA to deliver its high quality patient care without the physician faculty and medical residents who are available through these affiliations. In return, the medical schools gain access to invaluable undergraduate and graduate medical education opportunities through medical student rotations and residency positions at the VA hospitals. Faculty with joint VA appointments are also afforded opportunities for research funding that are restricted to individuals designated as VA employees.

These faculty physicians represent the full spectrum of generalists and specialists required to provide high quality medical care to veterans, and, importantly, they include accomplished subspecialists who would be very difficult and expensive, if not impossible, for the VA to obtain regularly and dependably in the absence of the affiliations. According to a 1996 VA OIG report, about 70 percent of VA physicians hold joint medical school faculty positions. These jointly appointed clinicians are typically attracted to the affiliated VA Medical Center both by the challenges of providing care to the veteran population and by the opportunity to conduct disease-related research under VA auspices.

At present, 130 VA medical centers have affiliations with 107 of the 129 allopathic medical schools. Physician education represents half of the over 100,000 VA health professions trainees. In a 2007 Learners Perceptions Survey, the VA examined the impact of training at the VA on physician recruitment. Before training, 21 percent of medical students and 27 percent of medical residents indicated they were very or somewhat likely to consider VA employment after VA training. After training at the VA, these numbers grew to 57 percent of medical students and 49 percent of medical residents.

VA Graduate Medical Education

Today, the VA manages the largest graduate medical education (GME) training program in the United States. The VA system accounts for approximately 9 percent of all GME positions in the country, supporting more than 2,000 ACGME-accredited programs and 9,000 full-time medical residency training positions. Each year approximately 34,000 medical residents (30 percent of U.S. residents) rotate through the VA and more than half the nation's physicians receive some part of their medical training in VA hospitals.

As our nation faces a critical shortage of physicians, the VA has been the first to respond. The VA plans to increase its support for GME training, adding an additional 2,000 positions for residency training over five years, restoring VA-funded medical resident positions to 10 to 11 percent of the total GME in the United States. The expansion began in July 2007 when the VA added 342 new positions. These training positions address the VA's critical needs and provide skilled health care professionals for the entire nation. The additional residency positions also encourage innovation in education that will improve patient care, enable physicians in different disciplines to work together, and incorporate state-of-the-art models of clinical care-including VA's renowned quality and patient safety programs and electronic medical record system. Phase 2 of the GME enhancement initiative has received applications requesting 411 new resident positions to be created in July 2008.

VA-AAMC Deans Liaison Committee

The smooth operation of VA's academic affiliations is crucial to preserving the health professions workforce needed to care for our nation's veterans. The VA-AAMC Deans Liaison Committee meets regularly to maintain an open dialogue between the VA and medical school affiliates and to provide advice on how to better manage their joint affiliations. The committee consists of medical school deans and VA officials, including the VA Chief Academic Affiliations Officer, the

VA Chief Research and Development Officer, and three Veterans Integrated Service Network (VISN) directors. The committee's agendas usually cover a variety of issues raised by both parties and range from ensuring information technology security to the integrity of sole-source contracting directives.

Recently, the VA-Deans Liaison Committee has reviewed the remarkable progress being made on several VA initiatives. These include:

Establishment of the Blue-Ribbon Panel on Veterans Affairs Medical School Affiliations - This panel will provide advice and consultation on matters related to the VA's strategic planning initiative to assure equitable, harmonious, and synergistic academic affiliations. During the panel's deliberations, those affiliations will be broadly assessed in light of changes in medical education, research priorities, and the health care needs of veterans.

Survey of Medical School Affiliations - The AAMC has worked with VA staff to develop criteria to evaluate the "health" of individual affiliation relationships. The "Affiliation Governance Survey" will survey the leadership at both the VA medical centers and their affiliated schools of medicine on a range of topics including:

- Overall satisfaction and level of integration;
- Affiliation Effectiveness Factors (such as education, research, VA clinical practice environment, and faculty affairs);
- Overall commitment to the affiliation relationship;
- Academic affiliations partnership councils (Dean's committees); and
- Direction and value of school of medicine-VA medical center affiliations.

Development of VA Handbook on VHA Chief of Staff Academic Appointments - To prevent conflicts of interest or the appearance thereof, the VA has determined that limits on receiving remuneration from affiliated institutions are necessary for VHA chiefs of staff and higher levels. While it is important to ensure that remuneration agreements do not create bias in the actions of VHA staff, prohibition of certain compensation from previous academic appointments (e.g., honoraria, tuition waivers, and contributions to retirement funds) could significantly hinder the VA's ability to recruit staff from their academic affiliates. The AAMC has worked with VA staff to develop a mutually acceptable agreement that considers this balance.

Piloting the VA physician time and attendance/hours bank - Monitoring physician time and attendance for the many medical faculty holding joint appointments with VA medical centers has been complicated and inefficient. The VHA has accepted the "hours bank" concept to improve the tracking of part-time physician attendance. Under the hours bank, participating physicians will be paid a level amount over a time period agreed to in a signed Memorandum of Service Level Expectations (MSLE). This agreement will allow the supervisor and participating physician to negotiate and develop a schedule for the upcoming pay period. A subsidiary record will track the number of hours actually worked, and a reconciliation will be performed at the end of the MLSE period to adjust for any discrepancies. A pilot for this program has been successfully completed and plans for nationwide implementation are underway.

The VA has consistently recognized that there is always room for improvement. As such, the AAMC looks forward to working on other items of concern as the VA continues to evaluate its affiliation policies and processes. As medical care shifts to a more satellite-based outpatient approach, graduate medical education needs to follow suit. This strong shift to ambulatory care at multiple sites requires a similar change in the locus of medical training. A dispersion of patients to multiple sites of care makes more difficult the volume of patient contact that is crucial to medical training. Similarly, faculty diffusion to multiple sites also makes more difficult the development of a culture of education and training. This is not exclusively a VA problem and all of our nation's medical schools and teaching hospitals are working to cope with this shift.

Another concern at both VA and non-VA teaching hospitals is the growing salary discrepancy between more specialized fields of medicine and the other disciplines. With the "Department of Veterans Affairs Health Care Personnel Enhancement Act of 2003" (P.L. 108-445, dubbed the "VA-Pay bill"), the VA made significant strides beyond its private-hospital counterparts. However, this discrepancy continues to be an issue of concern. Once again, this is not exclusively a VA problem, but one faced by all medical schools and teaching hospitals.

VA Medical and Prosthetic Research Program

To accomplish its aforementioned mission, VHA acknowledges that it needs to provide "excellence in research," and must be an organization characterized as an "employer of choice." The VA Medical and Prosthetic Research program is one of the nation's premier research endeavors and attracts high-caliber clinicians to deliver care and conduct research in VA health care facilities. The VA research program is exclusively intramural; that is, only VA employees holding at least a five-eighths salaried appointment are eligible to receive VA awards. Unlike other federal research agencies, VA does not make grants to any non-VA entities. As such, the program offers a dedicated funding source to attract and retain high-quality physicians and clinical investigators to the VA health care system.

VA currently supports 5,143 researchers, of which nearly 83 percent are practicing physicians who provide direct patient care to veteran patients. As a result, the VHA has a unique ability to translate progress in medical science directly to improvements in clinical care.

The VA Research Career Development Program attracts, develops, and retains talented VA clinician scientists who become leaders in both research and VA health care. For VA clinical investigators, the awards (normally 3-5 years) provide protected time for young investigators to develop their research careers. Awardees are expected to devote 75 percent time to research as well as to apply for additional VA Merit-Reviewed funding and non-VA research support. The remainder of their time is devoted to non-research activities such as VA clinical care or teaching. The program is designed to attract, develop, and retain talented VA researchers in areas of particular importance to VA. The Office of Research and Development supports approximately 458 awardees, at a cost of \$55 million in FY 2006, in all areas of medical research including basic science, clinical medicine, health services and rehabilitation research. The VA retains approximately 56 percent of participants as VA principal investigators. This research program, as well as the opportunity to teach, is a major factor in the ability of VA to attract first class physician talent.

Since 2005, inadequate funding for VA research has forced the Department to cap many VA merit-review awards at a mere \$125,000 annually. The current cap fails to keep pace with biomedical inflation and VA's commitment to scientific innovation. The cap-which is significantly lower than the average award at comparable federal research programs-is a tradeoff that VA leadership has had to make to continue funding the same number of grants it has historically supported. To compete with its private counterparts, funding for VA research must be steady and sustainable while allowing for innovative scientific growth to address critical emerging needs. For FY 2009, the AAMC recommends an appropriation of \$555 million for the VA Medical and Prosthetic Research program.

Earmarks and Designation of VA Research Funds

The AAMC opposes earmarks because they jeopardize the strengths of the VA Research program. VA has well-established and highly refined policies and procedures for peer review and national management of the entire VA research portfolio. Peer review of proposals ensures that VA's limited resources support the most meritorious research. Additionally, centralized VA administration provides coordination of VA's national research priorities, aids in moving new discoveries into clinical practice, and instills confidence in overall oversight of VA research, including human subject protections, while preventing costly duplication of effort and infrastructure.

VA research encompasses a wide range of types of research. Designated amounts for specific areas of research compromise VA's ability to fund ongoing programs in other areas and force VA to delay or even cancel plans for new initiatives. While Congress certainly should provide direction to assist VA in setting its research priorities, earmarked funding exacerbates resource allocation problems. AAMC urges the Committee to continue preserving the integrity of the VA research program as an intramural program firmly grounded in scientific peer review. These are principles under which it has functioned so successfully and with such positive benefits to veterans and the nation since its inception.

VA Research Infrastructure

State-of-the-art research requires state-of-the-art technology, equipment, and facilities. Such an environment promotes excellence in teaching and patient care as well as research. It also helps VA recruit and retain the best and brightest clinician scientists. In recent years, funding for the VA medical and prosthetics research program has failed to provide the resources needed to maintain, upgrade, and replace aging research facilities. Many VA facilities have run out of adequate research space. Ventilation, electrical supply, and plumbing appear frequently on lists of needed upgrades along with space reconfiguration. Under the current system, research must compete with other facility needs for basic infrastructure and physical plant support that are funded through the minor construction appropriation.

To ensure that funding is adequate to meet both immediate and long term needs, the AAMC recommends an annual appropriation of \$45 million in the VA's minor construction budget dedicated to renovating existing research facilities and additional major construction funding

sufficient to replace at least one outdated facility per year to address this critical shortage of research space.

Mr. Chairman and Members of the Committee, thank you for the opportunity to testify on this important issue. I hope my testimony today has demonstrated that the recruitment and retention of an adequate physician workforce is central to the success of VA's mission. The extraordinary partnership between the VA and its medical school affiliates, coupled with the excellence of the VA Medical and Prosthetics Research program, allows VA to attract the nation's best physicians. Over the last 60 years, we have made great strides toward preserving the success of our affiliations. With the hard work of VA-AAMC Deans Liaison Committee and the VA's Blue Ribbon Panel on Medical School Affiliations, I am confident that this success will continue.