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U.S. Senate
Committee on Veterans' Affairs
August 19, 2014

Senator Hirono, thank you very much for the opportunity to appear before you and the Committee this morning to discuss the very important topic of using the non-VA care program – in particular, the Patient-Centered Community Care (PC3) initiative – to augment the health care services available through Department of Veterans Affairs' (VA) facilities and personnel in order to meet the needs of Hawaii's Veterans.

Our History

For nearly 20 years, I have had the distinct privilege of leading a company I helped create whose sole mission is serving those who served this country in uniform and their families. In 1996, TriWest Healthcare Alliance, owned by a group of non-profit health plans and university health systems, was selected to serve at the side of the Department of Defense (DoD) in bringing up and operating the first TRICARE contract in what were then the 16 states of Regions 7 and 8. Then, in 2003, we were fortunate enough to be awarded a second TRICARE contract that added, among other states, the great State of Hawaii to our area of responsibility. And while today TRICARE is recognized as a cherished benefit for our Service members and their eligible family members, it took many years of hard work, focus, and most importantly partnership between the contractor community and DoD's health care system to have achieved this level of performance.

I am proud of the role TriWest played, along with our colleagues in the contractor community, in the maturation and high performance of that program during our years of service. And, the entire team at TriWest Healthcare Alliance and I, including Hawaii's own HMSA, which is one of our non-profit owners, are privileged today to bring that same focus and intensity to the side of VA through the new PC3 program in supporting VA in their commitment to meet the health care needs of Veterans here in Hawaii and across our other areas of responsibility... which includes serving Guam, Samoa and the Northern Marianas.

Awarded PC3 Contracts for Regions 3, 5, and 6

In September 2013, TriWest was awarded a contract to stand-up and operate VA's brand new PC3 program. Each and every member of the TriWest family – from the Chairman of our Board to our senior executives, managers, and our Patient Service Representatives are humbled at the privilege of leaning forward at the side of VA in serving those whom we revere as our heroes!

Working with VA on implementing this new endeavor is in many ways a return to our earliest days. We find ourselves partnering each and every day with a group of dedicated public servants, who are working long hours to deliver the promise of access to quality health care to a most deserving population. In fact, I want to give a special thanks to the team here at the VA Pacific Islands Health Care System. In many ways, they were the first to invest their time and energy in working with us to find ways to improve our collective operation. They helped us see what they had to do to work with us and how some tweaks to our tools and processes might

improve our collective performance in facilitating the connection of a Veteran in need of services between them, us and the providers in the community who had agreed to serve their fellow citizens. I am grateful to them to this day for their early investment in our collective success.

I think it is safe to say that we all knew that standing up a new program would be a challenge, especially given the fact that we had only 90 days in which to do it. But, we also knew that success would mean that Veterans would receive the timely care they've earned through their service. It is that result that motivates my colleagues and I at TriWest every day... for our nation's heroes deserve no less than our very best!

Under the terms of our contract with VA to administer the PC3 program, TriWest is responsible for:

- *Building a network of providers* – This includes executing all contracts either in-house or in conjunction with our network subcontractors, which in Hawaii is HMSA; verifying all licensure, certifications, and specialty designations as well as completing all credentialing work. In addition, our contract with VA contains a number of unique requirements for certain specialties and subspecialists who serve Veterans under the program in collaboration with TriWest. And, it is our job to ensure those requirements are met.
- *Making appointments for Veterans; ensuring they see the doctor* – For each authorization TriWest receives, our staff reaches out and attempts to make contact with the Veteran to ascertain their preferred time and date of appointment. We then locate a network provider within the standards set forth in our contract and we reach out to the provider and make an appointment before circling back with the Veteran to confirm. In addition, TriWest makes efforts to ascertain the Veteran's preferred communication method so that within 48 hours of the appointment, we can send a reminder, which lessens the potential for missed appointments and assures that needed care is delivered. We then confirm that the appointment occurred.
- *Following-up after appointments to retrieve medical documentation to return it to VA* – Ensuring that a Veteran sees a high quality provider in a timely fashion is certainly the most important element of the program. However, just slightly behind that in importance is retrieving the information from the rendering clinician so that it makes its way back to the Veteran's home VA facility. That helps make certain that any findings, recommended treatments, or other important clinical services can occur with full knowledge of the episode of care that occurred in the community.
- *Paying the providers' claims* – TriWest knows that without providers willing to lean forward, there is no community network to turn to under this program when VA is unable to meet the health care needs of Veterans. We realize that sometimes Federal reimbursement rates aren't always the most attractive rate in the marketplace. But, we have found that timely and accurate payment of claims goes a long way towards ensuring that a provider joins and stays in the network and continues to see those who have sacrificed so much on all of our behalf. If we get our part right, and honor the providers by paying them on time for the services they provided, we have found they will do their part and lean forward at our side and willingly join us in serving a few!

Working Together at a Challenging Time

It is certainly no secret that just a few months into the implementation of this new program, media reports and investigations uncovered serious backlogs and waiting lists for health care services at many VA facilities across the country. All of us – VA and TriWest – quickly shifted our core attention from the iterative implementation of a new program to a heightened and constant collaboration focused squarely on how we, along with our network of dedicated providers, could come to the side of VA and help with some of the challenges.

As VA began the Access to Care Initiative (ACI) to work through the backlogs and deliver needed services, we focused on learning from VA facilities what kind of care was needed from community providers and roughly in what quantity so that we could match VA's needs with our network and begin to absorb through the PC3 program as much as we could.

Almost immediately we saw a rapid increase in use of the PC3 program as a result of ACI. And we believe we have been helpful along the way. For example, in Hawaii in mid-May, VA's data showed an electronic waiting list totaling about 1,000 Veterans. I'm sure you are pleased to see the progress VA has reported in working down the backlog. The VA staff deserves great credit for this accomplishment. And, we were privileged during this period to support them through the delivery of services in the community where they were available as a relief valve for VA. It is a demonstration that teamwork and collaboration with the great providers in the community can increase access and, hopefully permanently, eliminate the onset again of waiting lists for care needed by our nation's heroes.

Outside of Hawaii, TriWest saw substantial increase in utilization of the PC3 program following revelation of the backlogs. For example, in April 2014, TriWest received approximately 6,500 total orders for care from VA facilities throughout our areas of responsibility. By the end of June, that number had grown to over 13,000 – a 100% increase. And another 15,000 referrals for care arrived just in the month of July. While we do not expect 100% growth every three months to continue indefinitely, we are expecting a continuation of volume increases in the need for specialty care services from community providers for several more months.

Of course, the rapid growth in use of the program did not come without challenges in many areas we serve, including Hawaii. And, I'd like to take this opportunity to apologize to you, the other members of the delegation, our VA partners, and Hawaii's Veterans for any difficulties encountered during the early stages of this program. I am personally embarrassed that there were instances in which needs were unable to be matched with network providers here and on some of the neighbor islands. But, let me assure you that I have spent a lot of time here personally working on these issues. I have met numerous times with VA leadership in Hawaii and our network subcontractor and today I believe we have a plan in place to ensure that Hawaii's Veterans will have a network of providers worthy of their service, their sacrifice and their trust. And we will take that same focus and intensity to building out the Primary Care network I will now briefly discuss.

As I am sure you know, Senator, less than two weeks ago, our PC3 contract was modified to include the delivery of Primary Care services to Veterans through community providers. While it will certainly take us some time to build and assemble a primary care network across all of our

geographic space, I am pleased to tell you that our work here in Hawaii is already underway. And we expect to have full availability on all of the islands no later than the middle of October.

We Don't Do This Alone

Success in building a network and providing timely access to care in the community for our Veterans is not a responsibility we bear alone. It is a full team lift. And I would like to acknowledge our partner in this endeavor in Hawaii, HMSA with whom we have been working for over a decade. I'm sure you've heard the expression that "all politics is local." I submit that the same is true in health care. To truly deliver quality health care in a timely manner, you need to understand the community, know the providers, and of course especially here in Hawaii, understand the topography. And we are so privileged to have such a great, local non-profit company at our side in doing this work.

I would also like to thank all of the providers who have joined us already in agreeing to serve a few Veterans. We know that as a Federal program, reimbursement rates are not always where providers would like them to be. And while we cannot apologize for being part of the responsible stewardship of federal resources, it is our commitment to providers that we will honor their service, pay clean claims in a timely and accurate manner, and do our very best to make serving our Veterans a smooth, easy, and rewarding experience.

Finally Senator, I would like to thank you and your colleagues in the delegation for all of your focus and leadership over the past several months in a very challenging environment. The bipartisan approach to the work done leading up to and including passage of the new Veterans Access, Choice and Accountability Act is to be commended. We recognize and understand the need to ensure that Veterans who cannot receive care from VA within the access standards need some solution. But, we are also very hopeful and confident that when we wrap our network around VA's own facilities and providers, we can meet the needs of Veterans in most instances and ensure that when care is provided, records are always returned to ensure proper care coordination and that claims are paid so that providers continue to treat our Veterans. To the degree that we cannot collectively meet the needs of every Veteran, perhaps their authorization for care and the ultimate payment for services could be efficiently and effectively rendered through us on behalf of VA and a grateful nation!

Senator, our Veterans have served and sacrificed so much to provide the freedoms we enjoy here in this country. All of us associated with TriWest Healthcare Alliance, including our non-profit owner HMSA, are humbled to have been bestowed the honor and privilege of being able to serve their health care needs in support of our fellow citizens who serve in the Department of Veterans Affairs.

Thank you for your time this morning. I look forward to answering any questions you might have.