SECVA State of VA – 05/31/2017

# Opening

* Thank you.
* A few weeks ago we celebrated the progress we have made at VA in the President’s first 100 Days in office.
* We are proud of our efforts, but quite frankly, we have much more work to do.
* My intent today is to give Veterans, their families, and the American people a detailed assessment of the State of VA.
* I want to set a new baseline for the organization by providing a full, transparent and honest assessment of the challenges and risks we face, and the actions we are taking to fix this system.
* We have inherited a number of challenges, many of them decades old spanning across multiple administrations.
* Our Veterans and their families have benefited from our early success, but have suffered due to the failures of the past to affect real change.
* My goal is to address these challenges head on.

# Risks

* As a physician I tend to look at things in terms of the way I was trained – assess, diagnose, and then aggressively treat the patient.
* Though we are taking immediate and decisive steps towards stabilizing the organization, we are still in critical condition and require intensive care.
* There have been several studies telling us what is wrong with VA and how to fix it. The Independent Assessment, Commission on Care Report, and the Independent Budget are some of the recent ones – not to mention numerous OIG and GAO recommendations.
* My team has compiled that information, along with the results of our own internal review.
* The risks and challenges we have identified fall into several categories.

## Access to Care

* We now have Same Day Services for primary care and mental health at all of our 168 medical centers. Over 22% of our patients are seen on the same day.
* We’ve also recently posted wait time data for clinical appointments for all to see. No other health system in America does this.
* Yet Veterans are waiting more than 60 days for new appointments at about 30 of our locations nationwide.
* While urgent patients are being seen – 10% of time sensitive follow-up appointments are still taking longer than the provider recommended date.
* 16% of primary care clinics are over 100% capacity – meaning Veterans are not being seen soon enough. We need more clinical and support staff as well as more space in order to solve this problem.
* 10% of our Community Based Outpatient Clinics who offer primary care and mental health do not currently have same day services. By the end of this year, 100% of them will offer same day services.

## Paying Providers

* Community Care, especially our Choice Program, has increased access to care for millions of Veterans.
* Today, we have 500,000 community providers in the Community Care Network, and that number is growing every day.
* However, providers are still frustrated by delayed payments, to the point that some of them are leaving the network.
* It is taking VA more than 30 days to process 20% of payments for clean claims – affecting over 25,000 providers across the country.
* In addition, we currently have about $50 million dollars in outpatient bill charges more than 6 months old that haven’t been processed.
* As of April 2017, only 65% of community care claims are submitted electronically.
* We need the private sector to help by submitting more claims electronically to allow faster adjudication and payment.

## Community Care

* Though we have made a lot of progress with the Choice Program, we are currently required to administer 8 separate Community Care programs – this is inefficient and causes confusion for Veterans, providers, and VA employees.
* The rules outlined in existing programs are causing VA to reject a minimum of 1 out of 5 community care claims. This is much higher than the private sector and we need Congress to help us fix this.
* We need a consolidated program in order to offer Veterans the access to care they deserve and to prevent some of the issues we are having with paying providers.

* Due to existing rules and policies, only three DOD facilities are currently a part of our Choice Program. Veterans who need care in the community should be able to use any DOD facility, as long as it offers the care they need.
* We continue to work with our partners--including the White House, Congress, VSOs, and community providers--to develop and pass legislation that will ensure VA Community Care is easy to understand, simple to administer, and meets the needs of Veterans and their families.
* We have to pass legislation this year or these issues will persist.

## Quality of Care

* We’ve shared both our star ratings and comparisons between VA medical centers and local community hospitals.
* We’ve identified 14 medical centers with 1 Star Ratings, meaning they are below the community standard of care. We are deploying teams and implementing performance plans at each of these centers.
* Veterans shouldn’t have to accept low quality care. They deserve our very best.
* When they aren’t getting our best, they should be able to access the best their community has to offer. That is exactly what we are working to achieve with our new Choice plan.

## Disability Claims and Appeals

* We currently have over 90,000 disability claims that are taking more than 125 days to process.Our goal is to cut this time by 50% over the next two years.
* Last week we were able to process a claim in just 3 days using a new process called Decision Ready claims. We will be introducing Decision Ready Claims nationally on September 1, 2017, and all of our regional offices will be completely paperless for claims by mid-2018.
* In addition, there’s almost no information available to a Veteran on the status of their disability claim appeal.
* The time to get an appeal decision is far too long- taking almost three years for a veteran to get a decision. It takes Congress to fix this, and I am grateful that the House passed legislation last week. We need our friends in the Senate to act as soon as possible.

## IT

* More than 20 of our facilities have out of date systems and processes for inventory– making it difficult to ensure doctors and nurses have the supplies and equipment they need to care for Veterans. We have taken immediate steps and are executing plans of action to fix these issues.
* 75% of our IT budget is spent on sustaining infrastructure, including Legacy systems that are at risk of failing – potentially crippling mission–critical operations.
* Our scheduling systems and our financial systems are outdated – contributing to excessive wait times for Veterans. Both systems are in the process of being replaced but it will take a few years to complete this.
* The VA Loan Electronic Reporting Interface (VALERI) is out of date.  Without funding for the new, modernized iteration of VALERI, VA would revert to a paper-based, manual operation that will reduce the number of Veterans served from 90K per year to no more than 12K per year.  Without VALERI, more Veterans would end up in foreclosure or homeless.
* We have to modernize our IT systems by using commercial, cloud-based solutions to the maximum extent possible.
* I have committed to making a decision on the future of some of our IT systems by July of this year.

## Capital Assets

* Our buildings and facilities are increasingly falling into disrepair.
* Facility Condition Assessments have identified critical infrastructure deficiencies of more than $18 billion that require remediation, including structural seismic, electrical distribution and mechanical systems such as heating and ventilation.
* On average our buildings are nearly 60 years old, with only half built since 1920. We have 449 buildings from the Revolutionary and Civil wars - of these 96 are vacant. We have another 591 buildings built in the World War 1 era of which 141 are vacant.
* All in all, VA has more than 400 vacant buildings and 735 underutilized facilities that are costing tax payers $25 million a year.
* VA needs additional tools in order to effectively and swiftly address facility needs.
* VA currently has 27 medical facility leases that we need Congress to authorize. Doing so would provide 2.3 million square feet of much needed space to support 3.2 million annual clinic visits that we cannot currently accommodate. If we don’t get authorization, VA will have to pursue inefficient and expensive alternatives.
* Allowing VA to engage in strategic partnerships with local governments, academic affiliates, other Federal agencies, and the private sector would provide VA with the flexibility, adaptability, and speed that are required to accommodate changing Veteran demographics and service needs.
* VA will be working with Congress to implement our plan for modernizing our capital asset infrastructure through a national realignment strategy – allowing us to improve our buildings and facilities to meet local Veteran demand, and provide better healthcare services – all while being a good steward of taxpayer dollars.

## Construction

* 11 of our Major Construction Projects totaling $1.4 billion were on hold because VA and the U.S. Army Corps of Engineers were working through differing processes and interpretation of appropriations rules.  We are awaiting congressional approval of a jointly proposed way forward, which will allow these projects to move ahead.
* VA’s Major Construction and Minor Construction Programs Have Large Unobligated Balances.

	1. VA carried over into FY 2017 - $971 million in minor construction and $2.6 billion in major construction.
* VA is taking too long to make project awards and obligations critical to providing facilities to meet demand.

## Accountability

* Under current law, VA must wait at least one month to hold an employee accountable for misconduct or poor performance. We currently have around 1,500 disciplinary actions pending, meaning we are paying people who need to be fired, demoted, or suspended without pay for violating our core values.
* Our employee accountability processes are clearly broken.
* We have to wait more than a month to fire a psychiatrist who was caught on camera watching pornography on his iPad while seeing a Veteran patient.
* The expedited Senior Executive removal authority in the Choice Act isn’t working either.
* Because of the way administrative judges review those cases, they can force us to take back terrible managers we’ve fired for poor performance or egregious misconduct.
* Just last week we were forced to take back an employee after being convicted no fewer than 3 times for DUI and just served a 60-day jail sentence. This is not the type of person we want working at VA.
* Under current law, it takes us an average of 51 days from the date management proposes to suspend, demote, or remove an employee to the date the action takes effect.
* Despite limitations within the existing law, which we are hoping to have changed soon, we are holding our employees accountable.

	1. We relieved the Washington DC Medical Center Director and other employees due to their failure of leadership.
	2. We removed the Medical Center Director in Shreveport, Louisiana, and three other Senior Executives due to misconduct or poor performance.
	3. And the President signed an Executive Order creating an Office of Accountability and Whistleblower Protection reporting directly to me.
* But this isn’t enough. We need new accountability legislation, and we need it now.

## Staffing

* There is wide variability across our system in how we hire, and we have multiple hiring authorities, both of which greatly impact our ability to recruit, hire, and onboard.
* Currently it takes VA an average of 110 days to onboard a nurse and an average of 177 days for a Nurse Practitioner. This is absurd.
* VA currently lacks a Position Management (PM) capability, essential to provide the agency structure to create jobs based on specific duties and responsibilities that are required to meet the needs of Veterans within approved resource levels.
* We will establish a fully functioning Manpower Management Office by December of this year – a critical first step in establishing a Position Management system.
* Low salaries for health care providers and prosthetics representatives make it difficult to recruit and retain critical positions.
	1. The 2016 median salary for Biomedical Engineers is $85,620.   The National VA average for Biomedical Engineers was $65,677, nearly 25% below the private sector ($20k difference).

* 1. For Mechanical Engineers, that discrepancy is $15k or 18% below the national average ($84,190 vs. $68,800).
* If VA cannot compete with private sector salaries, we will be unable to retain qualified providers and support staff.
* To help with staffing shortages, VA will be pursuing legislation to expand graduate medical education training opportunities. In addition we will seek legislation that would grant us specific authority to sponsor Public Health Service Commissioned Officers at the Uniform Services University of Health Sciences – allowing medical officers to serve ten years in VA clinics in exchange for VA funding their education.

## Bureaucracy

* Our central office has grown to be too big and too bureaucratic. We need faster, clearer decision making authority that gives veterans more control of their care and services.
* I have directed that VA Central Office remain under a hiring freeze as we consolidate program offices, implement shared services, and reduce our overhead by at least 10%.
* In addition, we are taking action to reduce burdensome regulations that simply do not make sense and we are launching new tools that make it easier for Veterans to engage with VA.

	1. Effective immediately VA will stop requiring the use of the small house design guide for future applications for State Home grants. We are also looking at removing other burdensome requirements to the State Veterans Home construction process so that states can follow their own guidelines – saving tax payer dollars while increasing access to services for Veterans.
	2. A few weeks ago we announced that VA is adopting American Cancer Society Mammogram guidelines – allowing women Veterans to access the care they need when they need it.
	3. We are restructuring our caregiver regulations to get services to Veterans and their caregivers who need them most.
	4. For years Veterans have been asking for a simpler way to interact with VA online with easier-to-use modern websites, with clear explanations and a single log-on. We are making progress on this goal.
	5. Our vets.gov website is making it possible for Veterans to learn about, apply for, track, and manage all of their VA services in one place. At this time last year VA’s online health care application form was so outdated and cumbersome that only 10% of applications were submitted online.
	6. Through our vets.gov website, Veterans can now easily apply online anytime, anywhere, from any device.
	7. Since last summer, over 200,000 veterans have applied for health benefits using vets.gov – 8 times the number of online applications submitted using the old form.
	8. VA will be soft launching the White House Veterans complaint hotline on June 1. We will be testing the system and fine tuning it over the next few months with the goal of having it fully operational by August 15.

## Fraud, Waste, and Abuse

* Detection and prevention of fraud, waste, and abuse ensures VA’s resources are spent on what they were meant for – care and services for Veterans and their families.
* Existing VA activities have already identified and prevented fraud, waste, and abuse.
* We were able to prevent $27 million in fraudulent payments and identified potential duplicate payments of $24 million in FY16.
* However, we can do better if we centralize oversight and maximize efficiencies. That is why I stood up the STOP Fraud, Waste, and Abuse initiative.
* In addition, I recently announced a new Fraud, Waste, and Abuse Prevention advisory committee. Creation of this Committee is ahead of schedule and will be established in the coming month.  I am currently focusing on potential Co-Chairs, developing a list of potential Committee members, as well as planning to solicit for committee members thru the Federal Register.

## Veteran Suicides

* Though all of these risks are troubling and require immediate action, nothing makes me lose sleep more than the Veterans we are losing to suicide.
* **20 Veterans a day are dying by suicide.** This should be unacceptable to all of us.
* This is a national public health crisis that requires a whole of government approach and key partnerships with communities and private sector organizations.
* I authorized emergency mental health services for those that were other than honorably discharged – a population of service-members who are at the highest risk of suicide.
* But that is just the beginning.
* We are also launching a new initiative this summer – Getting to Zero - to help us end Veteran suicide. This is my top clinical priority.

# Closing

* These risks have a direct impact on our Veterans and their families, and we are moving quickly to resolve them.
* We will continue to be transparent with our problems and our successes. That is the only way that we believe we will continue our efforts to rebuild the trust of the Veterans we are honored to serve.
* There is a lot of work to do and we have a unique opportunity to get it right.
* With the continued support of the President and Vice President, our incredible committee leadership from both parties in Congress, and Veterans Organizations – we will continue working to ensure that Veterans remain at the center of all of our modernization effort.
* Together, I am confident that we will be able turn VA into the organization Veterans and their families deserve, and one that America can take pride in.
* Thank you.