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# COMMISSION ON CARE

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1575 I Street, NW • Washington, DC 20005

## Commission Report Dissent

### What is Needed for the Total Transformation of Veterans Health Care

June 30, 2016

Over the last several years, Americans have grown justifiably alarmed by the serious performance problems in the Veterans Health Administration (VHA) of the Department of Veterans Affairs (VA).

These problems were highlighted in unsparing detail by the 2015 Independent Assessment of the VHA, which found that “the number of issues VHA currently faces appears overwhelming. In its current state, VHA is not well positioned to succeed in the transformation that this analysis suggests.”

Furthermore, the Independent Assessment called for a “system-wide change” in the clearest of terms:

*“The Independent Assessment highlighted systemic, critical problems and confirmed the need for change that has been voiced by Veterans and their families, the American public, Congress and VHA staff. Solving these problems will demand far-reaching and complex changes that, when taken together, amount to no less than a system-wide reworking of VHA.”*

To address the VHA’s managerial failures, inconsistent care, manipulated data, and other manifestations of dysfunction, Congress established the Commission on Care in 2014.

This commission was tasked with developing recommendations for better administering VHA to deliver health care to veterans over the next 20 years, in a time when the demographics of the veteran population will be changing rapidly. Only by transforming the VHA into a high-performing, veteran-centric health care organization will it be suited to the challenges of caring for a diverse population of veterans bearing the scars of 21<sup>st</sup> century conflicts.

## ***A lost opportunity for transformation***

It has been our privilege to serve as members of this Commission. We were grateful for the opportunity to work with commissioners and staff who shared our dedication to crafting a vision for VHA reform centered on “transforming veterans’ health care to enhance quality, access, choice and well-being.”

However, we regret to report that the result of Commission’s labors, as reflected in the following document, falls far short of what is needed to achieve that vision. The Commission’s final report is largely a hodgepodge of perfunctory recommendations that, while well-meaning, will do little to redirect the VHA’s troubled trajectory. The central problem is that these recommendations focus primarily on fixing the existing VHA provider operations, rather than boldly transforming the overall veterans’ health care system.

To be sure, several of the proposals herein represent positive, though limited, reforms. These proposals have at least some merit and will make some difference in both VHA management and veterans’ satisfaction, assuming proper execution.

Particularly, we note the recommendations to revise the VHA’s governance structure by establishing a board of directors, and the expansion and refinement of health care choice, which will allow veterans greater choice in selecting their providers and eliminate the existing onerous time and distance criteria in the current system.

Furthermore, the recommendation for an independent commission to repurpose or sell unneeded facilities, similar to the Defense Department’s Base Closure and Realignment and Commission, is a strong step in the right direction. These are promising reforms that could enhance organizational performance and lead to improved outcomes for veterans. We urge Congress and VA leaders to work together to ensure these recommendations are adopted and implemented as they are intended.

Unfortunately, the rest of the recommendations, even if implemented carefully and with the appropriate oversight, will not transform and reinvent the VHA into the high-performing health care organization it needs to become, with the veteran’s needs at the center of its mission.

The reality is that in the decades to come, the VHA will face new challenges in dealing with the as-yet unseen wounds of troops who have served in the protracted conflicts in Afghanistan, Iraq, and elsewhere around the world. The needs of this changing veterans population demand fresh thinking in a veteran-centric organization that is accessible, transparent, holistic and collaborative, pulling ideas from the best of what the public and private sectors have to offer to achieve superior results in care.

Instead, the VHA remains mired in the thinking of the last century as an overly centralized, hierarchical, industrial-era bureaucracy, more concerned with the needs of

the institution than the needs of the veteran patient. Rather than setting that increasingly antiquated institution on a course for transformation, the Commission on Care's proposals will only superficially and temporarily move VHA out of its current state of dysfunction.

That failure is a lost opportunity.

### ***What went wrong***

The Commission on Care was uniquely positioned to respond to the disparity between the VHA as it is and the VHA as it should be. Unlike many government panels, the Commission was unusually empowered by its enabling legislation, which requires the executive branch to implement all feasible and advisable recommendations and to seek legislative action through Congress where needed.

While the typical commission report ends up sitting on the shelf, forlorn and forgotten, members of the Commission on Care knew that much of what we proposed stood a strong likelihood of becoming reality.

By our count, 137 previous reports on VA health care had been presented and quickly forgotten; we did not want our report to be number 138.

That foreknowledge should have emboldened the Commission to seize this unprecedented opportunity to advance strong reforms and organizational changes. Unfortunately, this effort was imperiled by a failure to follow agreed upon processes and an early push to achieve consensus, which set limits on what could be proposed and discussed. A strong aversion to the clarifying light of constructive argument, an unwillingness to follow the facts where they may lead, and a misplaced desire to placate the incumbent bureaucracy led to the commission's failure to meet the goals of its mission.

Among the shortcomings:

- While the report is replete with fine-sounding buzzwords and up-to-the-minute managerial jargon about "transformation," it fails to present a clear vision for how that transformation will take place. Alternative viewpoints that might have challenged the consensus and led to a more effective path were effectively sidelined by a flawed process.
- Despite promising "transformation," the Commission's recommendations would essentially leave in place most of the current failing VHA operating model, which is bloated, outdated, and crippled by bureaucratic paralysis. A truly transformative approach would have looked to successful alternative approaches by using both the other major government health care programs and the private-sector non-profit health care world as models.

- Previously published reports and studies that should have informed our approach did not receive the appropriate consideration. For example, the aforementioned 4,000-page Independent Assessment of the VHA system, prepared by leading private sector consultancies in 2015, contained valuable diagnosis and policy prescriptions for reform. Yet that assessment, which should have served as a handbook for transformation, was given short shrift in commission proceedings. Likewise, the January 2015 report of the Military Compensation and Retirement Modernization Commission, along with other studies reflecting decades of grappling with similar questions, were largely ignored.
- As the process developed, the focus on the veteran as the ultimate and most important stakeholder was gradually blurred, and greater attention was given to “ensuring buy-in”—i.e., protecting the prerogatives—of the status quo players. Thus, the desires of the VHA bureaucracy and veterans service organizations were given undue proportional weight compared to the needs of the veterans themselves. The resulting report at various points sidesteps, whitewashes or excuses the VHA’s current performance problems, seeking to preserve the existing institution, when a “tough love” form of constructive criticism would have better served the agency, its employees and the veterans it serves. Moreover, many of the findings and conclusions in this report are based on opinion rather than data, and therefore can be misleading.
- In developing the report, the adopted integrated systems approach was not applied. This meant that key components of the VHA Care System would not be addressed and that important inputs and assessments would not be fully considered. Instead, key questions about eligibility, health benefits design and other important considerations were deferred for a later time and for a subsequent expert body to examine. As a result, the impact and feasibility assessments for the recommendations, as well as the proposed administrative and legislative actions needed for implementation, are incomplete.

Thus, the disappointing reality is that the Commission’s final report is deeply compromised, disjointed, and incomplete. The report repeatedly invokes the need for a “bold transformation” at the VHA. Yet, with a few exceptions, there is a decided lack of boldness in the Commission’s recommendations.

### ***What would real transformation look like?***

Had the Commission on Care been truly committed to achieving bold transformation, we would at the very least have considered the additional steps and changes needed to fully modernize and streamline the VHA’s business and integrated health care delivery models from its current Health Maintenance Organization (HMO) staff model. Necessary steps should include considerations such as the following:

- *Expanding and strengthening multiple private-sector choice options (e.g., Fee-For-Service, Preferred Provider Organization and HMO) in a fiscally responsible way for veterans who prefer care outside the VHA providers or facilities.* The recommendation in the report only provides for one choice option, the VHA managed network. Providing choice among a variety of plan options allows veterans to select the plan that best suits their needs. It empowers veterans, creates competition, provides services they want and improves program performance. Other government-run health care programs, such as Medicare Advantage, TRICARE and the Federal Employees Health Benefits Program (FEHB), use similar approaches, and could serve as constructive models for VHA transformation.
- *Similarly, looking to successful existing models in the private non-profit sector to develop a new approach to providing health care to veterans through high-quality, data driven, evidence-based medical care.* For veterans who do not want to use VHA facilities, the new VHA Care System could feature collaborative and coordinated integrated health care networks partnering with like-minded health care organizations that share a common commitment to serve veterans in their communities using their provider of choice and in conjunction with other health insurance. The Mayo Clinic Care Network and Ascension should serve as examples and models.
- *Identifying and conducting any missing assessments and inputs that were considered but not performed, such as a comprehensive survey of veterans and complete fiscal impact analysis.* Any attempt at VHA reform must take into account recommendations made in previous reports and assessments, especially the detailed policy options contained in the 2015 Independent Assessment's 12 major assessment reports.
- *Careful consideration of revising VHA eligibility requirements to prioritize care to veterans with service-connected medical conditions and disabilities.* This is a politically difficult but necessary consideration when dealing with the allocation of scarce resources.
- *Identifying actions needed to address components of the VHA Care System that this report neglected to consider.* This report fails to address critical matters like changes to the overall health benefits package; existing program structure; cost mitigation strategies such as cost sharing; the "who pays first" question surrounding first vs. secondary payers and mandatory reimbursement of other health insurance; use of quality ratings to improve transparency and performance; and how to deal with the numerous challenges surrounding out-of-network options and care coordination. Any attempt at VHA transformation will have to contend with these and other pressing issues.

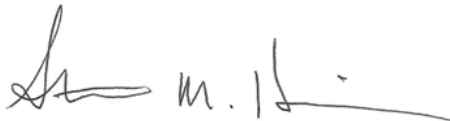
Overall, this report is correct in asserting that the VHA needs transformation; but it fails to serve as a useful guide and roadmap to achieve that transformation.

President Theodore Roosevelt suggested a simple principle for what we owe to veterans for their service: “A man who is good enough to shed his blood for his country is good enough to be given a square deal afterwards.” Few would argue that today’s veterans are receiving the “square deal” they deserve in the existing veterans health care system. The recommendations in this report, while allowing for some improvements if implemented, will not change that grim reality.

Thus, in the months and years to come, we can expect to continue seeing evidence of VHA failure and dysfunction, followed by renewed calls for reform and additional commissions and task forces to develop the solutions the Commission on Care failed to deliver.

Regrettably, the report that follows stands as a monument to a lost opportunity for the bold reform that the VHA needs—and that veterans deserve. Much more work remains to be done.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Stewart M. Hickey". The signature is fluid and cursive, with a long horizontal stroke at the end.

Stewart M. Hickey  
*Commissioner*

A handwritten signature in black ink, appearing to read "Darin S. Selnick". The signature is cursive and somewhat stylized, with a large initial "D".

Darin S. Selnick  
*Commissioner*