

VA Secretary Provides a 100-Day Progress Report

Secretary of Veterans Affairs Dr. David Shulkin briefed reports Wednesday at the White House on his 100th day on the job, highlighting both the accomplishments and needs for improvement in his department.

The briefing was meant to reaffirm the Trump administration's commitment to improving the level of health care provided to the nation's veterans. It also served as another opportunity for Shulkin to remind Congress that a great deal of reform is needed if he is to complete his mission of "draining the swamp" at the Department of Veterans Affairs.

You can watch the briefing in the video clip above. The following is a transcript of his opening comments prior to taking questions from the press:

So a few weeks ago, the president came over to my offices at VA at his 100-day mark to talk about the recognition of the progress we've had at VA. So I thought it only fitting at my 100 days to come to his house to talk about what's happening at VA.

And as you know, the president is so committed to fixing issues for veterans that what he has told me is, is that it is important that we be open and candid and transparent about where the problems are; that as a businessman, the only way to fix the issues in an organization is if you come out and you talk about what those problems are. And so, as you know, I'm a doctor and I like to diagnose things, assess them and treat them. And so what you're going to hear today is really a candid assessment of where our problems are in VA, with the focus of a businessman and the skills of a doctor to be able to actually help you with

that.

And as you know, many of these challenges I'm going to talk about today have been decades in building and they've spanned multiple administrations. And this is the time for us to really address these chronic problems that have affected veterans and, in many ways, have harmed veterans and their families by not dealing with these issues. So I'm going to tackle these issues heads-on.

Just to give you a sense about what we're doing today, I'm going to talk about 13 areas of significant risk for VA. It's going to take about 25 minutes to get through, so if you need to get up and stretch, or if you have ADD and you need to leave, I will not be offended. But I just want to give you a sense about that.

We've had 137 different assessments and studies telling VA what's wrong and how to fix it. And what we've done in my first 100 days is to go through these studies—the Commission on Care, Independent Assessment, as well as our own internal assessments—to come up with these 13 areas of risk that I want to share. So let me start with them.

The very first area is access. And of course, as you know, we started with our wait time issue in 2014 – the real crisis that began recently at VA. So here's my assessment on access. We've done a significant job in improving access to care for clinically urgent veterans, so people with clinically urgent needs are now being addressed in a much more efficient way. We've developed same-day services in every one of our 168 medical centers for primary care and mental health. And in fact, today, over 22 percent of veterans are seen on a same-day basis.

What we've done recently is we've posted our wait times for every single one of our medical centers across the country in a public forum for everybody to see what's good and

what's not good in terms of wait times. There is no other health system in the country that has done anything like that, and there is no comparison to what the VA is doing in terms of transparency and wait times. Yet veterans are waiting 60 days or more for new appointments in primary care and mental health at 30 of our locations nationwide. So we still have more to do.

And while, as I mentioned, we've done well with meeting the urgent needs of veterans, 10 percent of the time when a provider wants a follow-up appointment in a specific time frame, we're not meeting that provider's clinically assessed time for a veteran to come back. And that's something we have to address.

Sixteen percent of our primary care clinics are over 100-percent capacity. When that happens we can't fully meet their needs in terms of access to care. Ten percent of our out-patient centers do not offer same-day services today. Now, we are committing by the end of this year that all of our out-patient centers will offer same-day services in primary care mental health. But today 10 percent are not meeting that.

The second category is paying providers when veterans go out into the community. And as you know, our Choice Program, our community care program, has provided increased access for millions of veterans. And we have 500,000 community care providers—doctors and others—out in the community who participate in our network. But providers are increasingly frustrated with the VA's ability to get them payments, to the point that some of them are actually leaving our network. And that's obviously working against us.

It takes more than 30 days to process 20 percent of our clean claims at VA, and that affects about 25,000 providers across the country. In addition, we have about \$50 million

in out-patient bill charges that are six months or older. As of April this year, only 65 percent of our claims are handled electronically. That's far below what you'd find in the private sector. And so we need private sector help in order to find new solutions to get that number well above 65 percent, so we can have faster adjudication of payments to our community providers.

The third area is community care in general. Though we made a lot of progress with our Choice Program—because we've had over 70 amendments or modifications to our original contract—we still have eight separate programs for paying community care. That just makes it too complex and it's confusing veterans and our employees alike.

In terms of the complexity of this program—it results in VA rejecting one out of five community care claims—the rules are so complex, people are so confused, 20 percent of our claims are rejected. And that's much higher than what you'd find in the private sector. And we need Congress to help us fix those eight separate programs and put them into a single program.

In terms of our Choice Program, we still, today, only have three Department of Defense facilities that participate in the Choice network. And we need to get the Department of Defense and VA to make all their facilities and our facilities open to veterans and to active service members.

We certainly have to work with Congress and our veteran service organizations to redesign this Choice Program. It will expire essentially at the end of the year, and we need new legislation—this Congress—to make sure that veterans don't go back to waiting longer than they need to wait to get care in the community. So we have to pass legislation this year.

The next area is quality—quality of care in the VA. We've

shared with you our star rating systems. We now publish that on our websites, and we also now publish quality of care comparisons between VAs and local community hospitals. And in that, we've identified 14 of our VAs that have one-star ratings. That means that their quality is below the standard in the community. And so that's not acceptable to us. We're deploying teams and implementing performance plans for each of those facilities.

Veterans shouldn't have to accept low-quality care and they deserve our very best. I think everybody agrees with that. And when they're not getting the best that they can get in the VA, and the community offers better, that's what we're going to work to do in a revised Choice Plan, is to allow them to go out into the community if they're not getting the very best care.

The next area is disability claims and appeals. We have, currently, over 90,000 disability claims that are taking more than 125 days to process. Our goal is to cut that in half over the next two years. But 90,000-plus is too many to be acceptable.

Last week, we processed a claim for disability in three days. That's called a due process, called a decision-ready claim. And we're going to be introducing decision-ready claims nationwide on September 1st of 2017. And in addition to that, we're going to be going paperless throughout all of our veterans' benefit offices by mid-2018.

So we are focused on not doing claims fast enough now, but we have plans to get much better. In addition, it's very hard for a veteran to get information on where their claim status is, and we need to make that process more transparent.

In appeals, it takes almost three years, if you were to file an appeal today, to get a decision. And it's going to

take Congress to help us fix that system. I'm grateful that the House passed appeals legislation last week, and we need our friends in the Senate to act on appeals legislation as soon as possible.

Information technology. We have 20 of our facilities that have out-of-date systems for IT and inventory. And that makes it very, very difficult for doctors and nurses to get the supplies that they need to care for veterans. This is what we saw in the Washington, D.C. VA several weeks ago.

We've taken immediate steps to begin to start fixing these inventory systems, and we're executing on those plans. Currently, 75 percent of our IT budget is just maintenance and sustaining our infrastructure, because our legacy systems are old and are at risk of failing. And that would cripple our operations. Our scheduling systems and our financial systems are outdated, and that contributes to these excess wait times. Both systems are in the process of being replaced, but it's going to take years to complete that.

We have a system called VALERI, which is the VA Loan Electronic Reporting Interface. It's out of date. Without funding for a new system, VA is going to have to revert to a paper-based, manual system for electronic loans—or for loans that are going to reduce the number of veterans that we serve, from 90,000 per year to only 12,000 per year. So we can't afford to let that happen, because veterans could be at risk of foreclosure or even homelessness, and that's a risk that we've identified.

We have to modernize all of our IT systems to make them commercially viable and cloud-based solutions to the maximum extent possible. And I've committed to making a decision on VA's electronic medical record in the very near future—definitely before July of this year was my commitment— that I will talk about how we are going to move

forward with the new EMR strategy.

Capital assets. Our buildings and our facilities are increasingly fallen into disrepair. We have a facility condition assessment report that identified \$18 billion would be required to fully remediate our buildings now, including structural/seismic and electrical/mechanical improvements that need to be done.

On average, our buildings are more than 60 years old, with only half being built since 1920. We have 449 buildings from the Revolutionary War and the Civil War; of those, about 96 are vacant. We have another 591 buildings that were built in World War I era, which 141 are vacant. In all, VA has 400 vacant buildings and 735 under-utilized facilities, and that costs the taxpayers \$25 million a year just to maintain vacant and under-utilized facilities.

So we need to be able to act quickly. VA currently has 27 facility leases that we're waiting for Congress to authorize. That would provide 2.3 million square feet of needed space for 3.2 million additional clinic visits a year that today we can't do because we need authorization from Congress.

We need different types of strategic partnerships to be able to bring the type of facilities that we need to veterans, and that means working with local government, with academic affiliates, other federal agencies, and private sector partnerships. We're going to work with Congress to develop a modernization plan for our capital infrastructure through what we call a National Realignment Strategy that's going to allow us to use our buildings in a better way, stop supporting vacant buildings and underutilized buildings, all to be a better steward of taxpayer dollars.

Construction. Eleven of our major construction projects,

totaling \$1.4 billion, are on hold because the VA and the U.S. Corps of Engineers still are trying to work through very difficult processes and interpretation of the appropriation rules. We're waiting for congressional approval on a joint proposal to move forward, which would allow these projects to go ahead.

The VA's major construction and minor construction programs have large, unobligated balances. We carry at VA \$971 million in minor construction in unobligated balances, and \$2.6 billion in major construction. VA is taking way too long to make construction awards, and these obligations are critical for us to meet facility demands in the future.

Accountability. Under current VA law, VA has to wait at least a month to hold an employee accountable for misconduct or poor performance. We currently have 1,500 disciplinary actions that are pending, meaning people that either need to be fired, demoted, suspended without pay, for violating our core values—and we're waiting for each of those actions.

Our accountability processes are clearly broken. We have to wait more than a month to fire a psychiatrist who was caught on camera watching pornography using his iPad while seeing a veteran. The expedited senior executive removal authority that was given to us in the Choice Program isn't working. We weren't able to utilize that because of constitutionality issues. Because of the way the judges review these cases, they can force us to take terrible managers back who have been fired for poor performance. We recently saw that in one of our executives in San Juan.

Just last week, we were forced to take back an employee after they were convicted no more than three times for DUI and had served a 60-day jail sentence. Under current law, it takes us 51 days from the date management proposes to suspend, demote, or remove an employee until the date that

action takes effect.

Despite the limitations of the existing law, we've recently removed the Washington, D.C. medical director from their position and other employees there as well due to their failure of leadership. We removed the medical center director in Shreveport, Louisiana, and three other senior executives for misconduct or poor performance. And the president signed an executive order that created an Office of Accountability and Whistleblower Protection that reports directly to me as Secretary.

But that isn't enough. We need new accountability legislation and we need that now. The House, again, has passed this and we're looking forward to the Senate considering this. But we need that type of action.

Staffing—currently it takes, on average, 110 days to onboard a nurse in the VA, and 177 days to onboard a nurse practitioner. That's just too long. VA doesn't have a position management system, so it's very difficult for us to track what jobs are open. And an organization our size needs that in order to meet the needs of our veterans and have the right resources for them. We're going to establish a fully functioning management manpower office by December of this year, which is a first step in a position management system to be established.

Low salaries for many of our healthcare providers and prosthetic professionals make it difficult to recruit and retain the best professionals. In 2016, the mean salary for a biomedical engineer in the country is \$85,620. The national average for biomedical engineers in the VA is \$65,677, or 25 percent below the private sector. For mechanical engineers, the difference between private sector and VA is \$15,000 a year, or 18 percent, where VA is below the national average. If we can't compete with private sector salaries, we're going to be unable to retain

qualified providers and support staff.

To help with these shortages, we're pursuing legislation that would expand graduate medical education training opportunities to be able to train more health professionals to stay in the VA system. And we're working with the unified services university—the medical school of the military—to train more medical students who then would serve in the VA for 10 years after their education.

Bureaucracy. Our central office in VA has grown too big and is too bureaucratic. We need faster, clearer decision-making and authority that's going to give veterans more control of their services and care. I've directed the VA Central Office to remain under a hiring freeze as we consolidate program offices. We have 140 program offices. I've directed them to implement shared services so that they don't replicate common corporate services. And that is a result that I plan to achieve of a 10 percent reduction in overhead.

In addition, we've been reducing burdensome regulations to make VA more effective. Effective immediately, VA will stop requiring the use of small-house design guides for future state home grants. In other words, we're going to stop using federal rules. We're going to allow the states to use their own requirements to build veterans homes in the future in the states. That's going to save taxpayer dollars while increasing access to veterans.

A few weeks ago, we announced the VA is removing the more restrictive guidelines for a mammography for women and instead adopting the American Cancer Society mammography guidelines that will allow women veterans more access to care. We're restructuring our caregiver regulations to get services to veterans and make it less burdensome to get help from caregivers.

Our website is making it possible for veterans to get better access to our services. At this time last year, only 10 percent of benefits applications were done online. And because of our website consolidating this, we now have eight times that number online a year later. Over 200,000 veterans have applied for health benefits using .

VA will be soft-launching the White House Veterans Complaint Hotline tomorrow, on June 1st. This is something the president had talked about. We're going to be testing that system, starting tomorrow, and fine-tuning it over the next several months, with the goal of it being fully operational by August 15th. The soft launch of this, which is being worked out tomorrow, will be active—the phone number is 855-948-2311—and the full launch of that, as I said, will be August 15th.

Fraud, waste, and abuse. Detecting fraud, waste and abuse—it's very important we get resources to veterans and their families. We've been identifying preventing fraud, waste, and abuse. Already we've been able to prevent \$27 million in fraudulent payments and duplicate payments in fiscal year 2016. However with centralized oversight, I know we can do much more than that. That's why I stood up the Fraud, Waste, and Abuse Initiative.

I recently announced a Fraud, Waste, and Abuse Prevention and Advisory Committee and we're creating that committee – it's actually ahead of schedule. We're going to be naming co-chairs. I can name today one of those co-chairs—Shantanu Agrawal, who is the president and CEO of the National Quality Foundation, with a heavy background in fraud, waste and abuse. We'll be naming the second co-chair very soon.

Veteran Suicides. And this is the last of the assessments. Though all of the risks that I've talked about are troubling to me and require immediate attention, nothing is more important to me than making sure that we don't lose

any veterans to suicide. As you know, 20 veterans a day are dying by suicide. That should be unacceptable to all of us. This is a national public health crisis, and it requires solutions that not only VA will work on but all of government and other partnerships in the private sector, nonprofit organizations.

I authorized emergency mental health services for those that were less than honorably discharged just a few months ago. That is a population of veterans that is at very high risk for suicide. And that's just the beginning. This summer, we're going to launch a new initiative called Getting to Zero to help us end veteran suicide. And again, that's my top clinical priority.

So, in closing, I just wanted to reaffirm the president's strong commitment to fixing VA and making VA work better for veterans. That's a commitment that I share. I wanted to come out and to talk about these 13 areas, our assessment of where the problems are. I want to be held accountable to fix this. I'm going to need help to fix it from Congress and from other organizations. But this is our commitment to finally address these problems that have been plaguing VA, sometimes for decades.

The president, the vice president, Congress, veteran services organizations all share this goal to help modernize the VA. And that's why I'm confident that we can turn VA into the type of organization that veterans and families deserve, and all of us want to see. I appreciate your attention. Thank you very much. {eoa}