



DEPARTMENT OF VETERANS AFFAIRS  
Under Secretary for Health  
Washington DC 20420

March 16, 2016

The Honorable Chuck E. Grassley  
United States Senate  
Washington, DC 20510

Dear Senator Grassley:

Thank you for your January 5, 2016, letter to the Department of Veterans Affairs (VA), regarding the problems some Veterans are experiencing with the Veterans Choice Program (VCP). I am responding on behalf of the Department.

VCP is an important part of enabling VA to meet the demand for Veterans' health care. Although VA has put considerable focus and attention on ensuring the law is implemented seamlessly, without confusion, and without creating hardships for Veterans, admittedly, there have been, and continue to be, challenges along the way. We take your concerns seriously and remain committed to ironing out the issues that have resulted in significant delays for your Veteran constituents and Veterans across the country. As stated in your letter, VCP was designed to expedite and improve Veterans' access to health care. The examples in your letter about the issues experienced by some Veterans highlight the need for more robust outreach to Veterans, current VCP providers, non-VCP providers, and VA employees about VCP.

In those instances where Veterans need care that is unavailable at the primary VA medical center, VA follows a "hierarchy of care." The hierarchy of care is the business process VA follows when the needed care is unavailable at the primary VA medical facility or because the primary VA medical facility cannot meet the timeliness standard based on the clinically indicated date. The hierarchy of care process includes the following steps:

- Refer to another VA medical facility using usual inter-facility referral patterns, or Department of Defense, Indian Health Service or Tribal Health Facility in accordance with the terms of the applicable agreement, if that facility can accommodate the patient within the specified timeliness standards.
- If the Veteran's primary VA medical facility cannot secure care from another VA medical facility as specified above, the primary VA medical facility will refer the Veteran to VCP when the needed services are covered by the program.
- If the Veteran is not eligible or the needed services are not covered by VCP, the primary VA facility may utilize other care in the community options, pending availability of local funds. Local facility leadership must make this determination.
- If the Veteran is eligible for VCP, but elects not to use the program, the VA medical facility should schedule an appointment in VA, use the recall reminder system or

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place the patient on the Electronic Waiting List, consistent with Veterans Health Administration policy.

- If VCP care is authorized, but the VCP contractor returns the authorization, the primary VA facility may use other care in the community options, pending availability of local funds, until the VCP provider agreement option becomes available later in fiscal year 2016.

Regarding the issue of Veterans being able to use a preferred doctor in the community for care, there are a couple of options available that can be exercised by the health care provider. VA has expanded its Patient-Centered Community Care (PC3) contracts with Health Net Federal and TriWest Healthcare Alliance to include implementation of VCP. PC3 is a VA nationwide program to provide eligible Veterans access to certain medical care when the local VA medical facility cannot readily provide the care due to lack of available specialists, long wait times, geographic inaccessibility, or other factors. VCP supplements PC3 and allows coverage for more services for eligible Veterans and provides Veterans more flexibility in their choice to receive care in the community or through VA. When a Veteran is eligible to participate in VCP, he or she may specify a particular non-VA entity or health care provider that meets eligibility requirements to participate in VCP.

If a provider is interested in becoming a PC3 and/or VCP provider, he or she must establish a contract with one of the VCP contractors and the provider must have an agreed upon reimbursement amount consistent with VA regulations. Additionally, all PC3/VCP providers must, among other things, accept Medicare rates; meet all Medicare Conditions of Participation and Conditions for Coverage as required by the U.S. Department of Health and Human Services; be in compliance with all applicable Federal and State regulatory requirements; and have a full, current, unrestricted license in the state where the service(s) is (are) provided.

The VA Chief Business Office (CBO) has provided guidance, training, and continuous updates to the field pertaining to VCP in order to reduce confusion pertaining to VCP, and will continue to provide additional guidance to the VA Community Care staff nationwide. However, we would welcome the opportunity to target our efforts to those areas with persistent clarity deficits. Accordingly, please have a member of your staff contact, Mr. Joe Duran, Deputy Director of Administration, CBO, at (303) 372-4629, with specific details about the experiences of your Veteran constituents with VCP.

VA is grateful for your continuing support of Veterans and appreciates your efforts to pass legislation enabling VA to provide Veterans with the high-quality care they have earned and deserve. As the Department focuses on ways to help provide access to health care in your State and across the country, we have identified a number of necessary legislative items that require action by Congress in order to best serve Veterans.

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Flexible budget authority would allow VA to avoid artificial restrictions that impede our delivery of care and benefits to Veterans. Currently, there are over 70 line items in VA's budget that dedicate funds to a specific purpose without adequate flexibility to provide the best service to Veterans. These include limitations within the same general areas, such as health care funds that cannot be spent on health care needs and funding that can be used for only one type of Care in the Community program, but not others. These restrictions limit the ability of VA to deliver Veterans with care and benefits based on demand, rather than specific funding lines.

VA also requests your support for the Purchased Health Care Streamlining and Modernization Act. This legislation would allow VA to contract with providers on an individual basis in the community outside of Federal Acquisition Regulations, without forcing providers to meet excessive compliance burdens. Already, we have seen certain nursing homes not renew their agreements with VA because of these burdens, requiring Veterans to find new facilities for residence. VA further requests your support for our efforts to recruit and retain the very best clinical professionals. These include, for example, flexibility for the Federal work period requirement, which is not consistent with private sector medicine, and special pay authority to help VA recruit and retain the best talent possible to lead our hospitals and health care networks.

Should you have any questions, please have a member of your staff contact Mr. Tony Adams, Congressional Relations Officer, at (202) 461-6473 or by email at [Tony.Adams@va.gov](mailto:Tony.Adams@va.gov).

Again, thank you for your continued support of our mission.

Sincerely,

A handwritten signature in black ink that reads "David J. Shulkin, M.D." The signature is written in a cursive, flowing style.

David J. Shulkin, M.D.