

Statement of
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Department of Veterans Affairs
Before the
Subcommittee on Oversight and Investigations
Committee on Veterans' Affairs
U.S. House of Representatives
September 5, 2001

Mr. Chairman and Members of the Committee, I have been invited to discuss Veterans Integrated Service Network (VISN) 11; the VA Medical Center, Indianapolis, Indiana and the Northern Indiana Healthcare System, Marion and Ft. Wayne, Indiana.

VISN 11 provides services throughout a large and geographically diverse region, across the lower peninsula of Michigan, northwest Ohio, most of the state of Indiana and central Illinois. Nearly 1.5 million veterans reside within the Network service area, representing 6% of the nation's veteran population; approximately 37% are priority 1-6 veterans. In 2000, we served nearly 155,000 veterans, with 86% of these veterans in Priorities 1 through 6. Through May 2001, the network enrolled more than 206,000 veterans.

The mission of this network is to be an integrated veterans healthcare system providing high quality, coordinated, comprehensive and cost-effective services to veterans and other customers in Michigan, Indiana, central Illinois and northwest Ohio. At the Department level, the network is a key player in meeting VA goals regarding veteran satisfaction, access, cost effectiveness, expanded primary care service and service integration to provide a seamless continuum of care.

Over the past two years, Congress has increased the VHA medical budget by approximately \$3.5 billion. At the same time, decisions surrounding eligibility reform and definition of the VA basic benefits package have introduced the opportunity for large numbers of veterans to enroll with VA and obtain access to a broad range of services.

Budgetary considerations and other performance goals are driving all networks to find ways to provide care more efficiently. Critical network activities in the areas of Quality, Cost, Access and Communication are as follows:

Quality

All network facilities participate in nationally recognized external accreditation processes, including Joint Commission on Accreditation of Healthcare Organizations (JCAHO), Commission on Accreditation of Rehabilitation Facilities (CARF) and College of American Pathologists (CAP). The most recent JCAHO survey process was conducted in this network in the fall 2000, with hospital accreditation scores ranging from 86 to 93. Network medical centers with rehabilitation programs are proceeding with CARF accreditation; to-date Indianapolis and Northern Indiana Healthcare System have been accredited.

Numerous activities are underway to improve waiting times in all clinics. Network facilities participated in a collaborative initiative with the Institute for Healthcare Improvement (IHI) to decrease waiting times in clinics and delays for veterans obtaining appointments and have initiated numerous actions in this regard. While some improvements in waiting times have been achieved, increased demand for service, space limitations, critical staff vacancies and resource constraints continue to present challenges. Of note, is the current network average wait time of 40 days in Primary Care, with wait times in the high demand clinics of Cardiology and Orthopedics at 51 and 54 days, respectively.

In 1998, VA launched its National Center for Patient Safety, designed to apply “systems approaches” to patient safety. Some specific actions taken to-date include implementing bar coding for medication administration and computerized order entry. The objective of the current patient safety program is to identify system problems and solutions, not to assign fault to individuals. In FY00 and continuing this fiscal year, an extensive staff education and training program was implemented to develop skills in identifying sentinel events and conducting root cause analyses. Additionally, staffs from VAMC Indianapolis and Northern Indiana have participated in 14 educational sessions entitled Preventing and Managing Disruptive Behavior.

VHA has also undertaken an aggressive performance measurement system, including establishing baseline performance and outcome goals in the areas of prevention, clinical guidelines and chronic disease management. As we all know, preventing illness and successfully managing chronic disease processes improve not only the efficacy of care provided, but also the patients' quality of life. A veteran satisfaction performance measure closely monitored in this network is pharmacy waiting times, with a goal of 30 minutes or less to wait for a prescription to be filled. For the twelve-month period ending June 2001, VAMC Indianapolis averaged 31 minutes, the medical center at Marion averaged 30 minutes and the medical center at Ft. Wayne averaged 24 minutes.

Cost

The 22 Networks receive appropriated funds from VA Central Office through the Veterans Equitable Resource Allocation (VERA) model, as well as specific allocations for special purpose funding, e.g. prosthetics, and for research and medical education support. The VERA model is based on inpatient and outpatient workload in program areas of medicine, surgery, psychiatry and long-term care. Adjustments are made for geographic pay differences as well as variable costs in education and research.

From FY 1996 to FY 2001, the network's operating allocations through VERA have increased by 12.2%. These allocations do not include capital allocations, which increased by 28.9% for the same period. Since inflation and pay raises have exceeded the increases in our operating allocations, the network has not been able to keep pace with inflation as well as absorbing national mandates. The Network has responded to budgetary challenges by shifting care to less costly settings, developing a continuum of care across facilities to reduce unnecessary duplication, closing unneeded hospital beds, standardizing supplies and pharmaceuticals, and expanding use of blanket purchase agreements. The Network has worked to stabilize its future funding allocations by increasing the number of veterans utilizing its services. To illustrate, the Network treated approximately 155,000 veterans during FY00, an increase of 26,400 veterans from FY96. Outpatient visits increased by 265,000 during the same time period, while hospital operating beds showed a decrease from 2,860 to 1,102. In order to meet the projected health care needs of veterans, VISN leadership continues to address efficiencies such as

standardizing volume contract purchases, leveraging resources through partnerships, and the expanded use of information and other technologies.

VISN 11's FY01 budget allocation was \$721 million. Critical network initiatives, e.g., CBOCs, leases, special projects, employee education, fire and safety program and national program support were funded at a level of \$10 million. Prosthetics special purpose funding as distributed from VA Central Office totaled \$26 million in FY01. Research and Education support funding are passed-through to facilities as allocated to the network from VA Central Office.

Budget distribution from the network to facilities (Ann Arbor, Detroit, Battle Creek, Saginaw, Northern Indiana, Indianapolis, and Illiana) for FY01 was based on FY00 actual expenditures, plus 5 to 5.5% percent increases. VISN 11 maintains a reserve of approximately 2% of the operating budget to ensure funding for unexpected shortfalls due to increased workload, catastrophic patient care needs and acts of nature such as weather-related emergencies.

On the revenue side, collections from the Medical Care Cost Fund (MCCF) program totaled \$26.4 million in 2000, with a projection of \$34 million in 2001. Collections at VAMC Indianapolis and Northern Indiana Healthcare System increased 61% and 43%, respectively over the same period last year. Money collected by the medical centers through the MCCF program are available to the medical centers upon allocation by the Secretary.

Access

VISN 11 has moved significantly from a healthcare delivery system traditionally rooted in inpatient care to a more outpatient-based system. An integral part of the expansion of outpatient access is the establishment of new Community-Based Outpatient Clinics (CBOCs). VISN 11 has 23 CBOCs currently operational, with one additional CBOC expected to open in Michigan this fall. This brings 85% of veteran users in our Network within 30 miles of a VA primary care site. Five of these twenty-three CBOCs are located in Indiana, at South Bend, Muncie, Bloomington, Lafayette and Terre Haute. The Lafayette CBOC is co-located at the Indiana State Veterans Home. While the primary care workload plans for the CBOCs ranged from 1000 to 1500 patients per year, almost all of the CBOCs have met or exceeded their planned capacity. Terre Haute,

South Bend and Muncie have already seen more than 3,000 unique patients this year, with Bloomington and Lafayette treating another 2,000 each. In FY01, the network also budgeted \$1 million to expand mental health services to each CBOC. Implementation of these services has begun this quarter of the fiscal year with services to be provided, as needed, by psychiatrists, psychologists, social workers and/or advanced practice nurses. The planned expenditure for mental health services in Indiana CBOCs is \$400,000 annually.

In response to the requirements of the “Veterans Millennium Health Care and Benefits Act,” VISN 11 has established plans to increase VA nursing home average daily census by 82 by the end of 2003. Plans include improved staffing levels and reallocation of staff, increased patient referrals to VA nursing home units, and redesignation of some long-term care unit beds as nursing home beds based on evaluation of current patient needs. In Indianapolis, enhanced use plans for the construction of a private sector nursing home on VA grounds is also proceeding. Long-term care needs are addressed across the network through a combination of VA nursing home, contract nursing home, state veterans home, home-based primary care, and purchased home- and community-based services.

Investments in information technology will also have positive impacts on access, timeliness and quality. VISN 11 telemedicine initiatives include telepsychiatry, teleophthalmology and teleradiology pilots and telehome care.

This fall, VISN 11 will take part in CARES (Capital Asset Realignment for Enhanced Services), a process to evaluate how well VA’s capital assets link with current and future mission. This may result in structure and mission changes across the network.

Communication

Communication with stakeholder groups is of high priority throughout the network. In order to assure these communications across all care sites, the network has designed an annual Veteran Service Officer (VSO) Forum. The first Forum was held in December 1997 with approximately 75 national, state and county service officers in attendance. The program grew to over 100 attendees at the 2000 Forum. These Forums cover a wide variety of topics important to veteran groups including eligibility, women’s health, service line development, program changes and access.

VISN 11 staff work closely with colleagues in the Veteran Benefits Administration (VBA) regional offices in Detroit and Indianapolis to meet veterans' needs regarding compensation and pension (C&P) examinations. C&P processing times are consistently below the national standard of 35 days and were at 33 days through May. In the network, 99% of C&P exams are found adequate for rating purposes by the regional office rating boards. In a collaborative effort to continuously improve performance, VHA and VBA officials in this network developed joint performance standards to reduce incomplete C&P examination rates and to provide training to VBA rating specialists in the use of electronic medical record information.

In 1999, the network implemented a network award and recognition program in partnership with American Federation of Government Employees (AFGE) and Service Employees International Union (SEIU) labor officials. In the past 12 months, VAMC Indianapolis has been recognized for achievement with Multicultural Workplace, Process Improvement, Employer of Choice and Provider of Choice awards. During the same time frame, Northern Indiana Healthcare System has been recognized with Multicultural Workplace and Provider of Choice awards. These awards reflect a high degree of staff commitment and service excellence.

Closing Comments

The Indianapolis VA Medical Center and Northern Indiana Healthcare System play integral roles in VISN 11's healthcare delivery system, providing primary, secondary and tertiary care. As a system, programmatic changes such as shifting from inpatient to outpatient care, consolidating some business and support functions, and discontinuing under utilized programs have thus far been accomplished through the use of early retirement and buyout authority, and by offering displaced employees alternative positions, including necessary retraining. We recognize the need to establish and maintain a safe environment for patients and employees as changes are implemented. The best patient care can only be delivered when patients and staff are comfortable and secure. In a recently reported American Legion survey of veterans, quality, access and satisfaction were ranked as the top three factors of value in healthcare. For VISN 11, quality and satisfaction were rated good or excellent by 80% of respondents and access was rated good or excellent by 75% of respondents.

VISN 11 continues to face a number of challenges including managing within appropriated funding; exercising stewardship of all resources; increasing market share; continuously improving quality of care and veteran satisfaction with that care; fully integrating administrative and clinical programs and processes; investing in capital improvements and information technology; and effectively communicating with veteran groups, labor partners, educational affiliates and other stakeholders. I am confident that the staff and leadership of the Indiana VA facilities are equal to those challenges.