

**BLINDED VETERANS ASSOCIATION  
TESTIMONY**

**PRESENTED BY**

**THOMAS ZAMPIERI, PH.D.  
DIRECTOR  
GOVERNMENT RELATIONS**

**BEFORE THE  
HOUSE VETERANS AFFAIRS COMMITTEE**



**MARCH 29, 2006**

The Blinded Veterans Association (BVA) is the only Congressionally chartered Veterans Service Organization exclusively dedicated to serving the needs of our Nation's blinded veterans and their families. Mr. Chairman and members of the House Veterans Affairs Committee, on behalf of BVA, I thank you for this opportunity to present BVA's legislative views on Project Healthcare Effectiveness through Resource Optimization (HERO) of 2006. We all should strive for the same goal, that of improving access to a high quality, fully-integrated system of VA health care and benefits for America's veterans.

Since the end of World War II, when a small group of blinded veterans formed BVA, the Association has grown to include blinded veterans from several wars and conflicts. BVA has just celebrated this month its 61st anniversary of continuous service to America's blinded veterans. It is vital that all VA services focus on making a positive difference in the quality of life for the men and women who have sacrificed so much for our freedom.

What is very alarming with Project HERO, Mr. Chairman, is that this issue has emerged and is receiving attention during all of the current budgetary problems of the past two years. BVA is convinced that there is insufficient funding to meet the increasing enrollment and waiting lists for the remainder of the FY 2006 budget year, yet we now find VA rushing to use even more scarce financial resources in contracting out services to large, private corporate-managed health care associations. Project HERO was created by VHA as a response to appropriations language without any hearings, stakeholder input, or legislative authorizing committee oversight or debate. VHA continues to discuss so called "efficiencies" while trying to convince VSOs of "great potential savings of millions" by initiating Project HERO. These "potential savings" appear to be little more than games that, upfront, are questionable and difficult to demonstrate, much like the efficiencies that GAO investigators had difficulty locating in recent research. Now VHA is informing VSOs that this program will increase access and allow for more "efficient delivery" of "private corporate contracted care" in three separate demonstration projects. BVA is concerned this initiative could profoundly negatively impact the budget, not only for the remainder of FY 2006 but for FY 2007 owing to the many pitfalls of the current discretionary process.

The continuously negative VA budget model will influence specialized programs for blinded veterans and will be reflected in the other special disabilities programs that must fight for every dollar. Although many claim that Congress repaired the FY 2006 problem, more than 37 full-time Blind Rehabilitation Center FTEs are today not filled, resulting in long waiting times for more than 1,212 blinded veterans attempting to access care in such centers. The fact is that these centers are presently experiencing financial problems. The inability to fill these blind center positions leaves them, in some cases, to operate at only 78 percent occupancy.

If current vital programs are not fully funded, BVA seriously doubts that diversion of funds into private HMOs will improve the situation. If VHA is not fiscally healthy, the specialized programs for "service-connected veterans" will certainly not be healthy either. While VHA staff attempted to brief the VSOs about the developing plans for Project HERO, there has certainly been a lack of information regarding size, specific types of health care provided to veterans, primary care services verses specialist care, and what will determine

which veterans are even enrolled (other than general geography being the deciding point). There seems to be more questions than answers about what is occurring. It almost seems that the delegation of authority to VHA, and now to managed-care organizations, to start down this path has been too easy. How to decide who acquires these contracted services, and then who will be held clinically and legally accountable for this population of veterans health care, are issues that this Committee should resolve before authorizing the rapid implementation of such a complex demonstration project.

In rolling out this project, VHA has frequently referenced the section of the Independent Budget (IB) that recommended changes in the fee-basis system and current contracting of services as justification for it. Nevertheless, the IB recommended that “contracted care be used judiciously and only in specific circumstances when VA facilities are incapable of providing the necessary care or geographically inaccessible to the veteran, and in certain emergency situations so as not to endanger VA facilities’ ability to maintain a full range of specialized services for all veterans.” The idea behind Project HERO is now being advanced as “enrolling veterans in entire geographical regions” into managed care contracted for all medical services. This idea is different from the concept of improving the current system of preferred providers so that VA’s integrated clinical and claims information technology system becomes the most efficient, cost effective, and high-quality process possible.

The IB stressed that participating preferred providers should use a preferred provider pricing program to receive discounted rates for services rendered to veterans, and that a mechanism should be developed so that only credentialed, high quality providers are utilized in contracted care. Customized provider networks should complement the capabilities of and capacity of each VA Medical Center and not replace those as the veterans’ first choice of care. The VA health care system has undergone tremendous changes in the past decade, bringing it recent high acclaim for its leadership in quality and for its utilization of information technology in advancing care for our Nation’s veterans. Looking ahead, based on our personal experience, we should be extremely cautious about any demonstration program that is rapidly implemented to comply with Congressional language allowing the participating contracted networks to help develop the program.

Reforms haven been implemented by private, for-profit managed care health organizations outside of VA during the past couple of decades. These reforms, some critics would argue, have caused consumer revolts. The critics also claim that such reforms have forced many new federal and state regulations, more tort claims with court decisions, still rising premiums, and an increase in for-profit corporate mergers. Strategic plans are frequently based on the best economic interests of investors, not the consumers. In 1999, state legislatures introduced 27,000 health care bills to establish such requirements as 48-hour hospital stays for maternity childbirth and emergency room-mandated care. Many of these bills also required appeals processes for patients who had been denied care or services or who had been denied reimbursement for such care and services in an attempt to prevent widespread abuses of patients within large, for-profit HMOs. Ironically, here we are with plans for Project HERO, surrounded by some of these same health care organizations who wish to “demonstrate their efficiencies” by taking care of veterans who are in the VA system!

Stories of health care providers within HMOs being forced to order profitable laboratory or technological tests in order to increase revenue have not been uncommon. Demands to increase productivity by mandating minimum numbers of daily encounters in order to generate sufficient revenue have also occurred. Many HMOs have their own formulary for consumers that could result in problems with VA's restrictive national formulary system if veterans are prescribed medications that are inconsistent with VA's formulary. Although VA administrators may claim that these are easy issues to address, history might dispute such a claim if only there is a review of the track record of the current problematic fee-basis system of contracted care and of the profits of managed care organizations during the past decade.

VA is faced with unique and complex social challenges, one of which is an aging population with multiple conditions that often require the taking of many medications. In many cases there are difficult economic circumstances, a diversity of disabilities, and unique mental health problems. All of these challenges abound within the environment of a discretionary budgeting system. Projecting that Project HERO will result in hundreds of millions in savings, produced by contracting with managed-care organizations, must be viewed with suspicion. Reforms driven by cost-conscious market forces without adequate oversight are often complex, chaotic, and disabling to those caught up in these changes. According to the chaos theory, a small change in input can quickly translate into overwhelming differences in output. As has already been demonstrated in this country's history, any changes in the three basic tenets of health care delivery—quality, access, and cost—results in significant changes in one or more of the others.

What veterans request from their Members of Congress is the ability to obtain local primary care services in certain geographical locations where no VA-based outpatient services currently exist. They also request that the provider have the technological ability to interact with the VA facility that has provided them with specialized services, medications, or diagnostic care. They expect their care to be coordinated and accessible, and to originate with qualified clinical providers. Having an elderly or disabled veteran who has difficulty traveling long distances for VA care receive locally contracted care and preventative medical services is an extremely different proposition than opening “enrollment of all veterans in a widespread geographical area” to for-profit managed-care organizations. In an industry in which well-compensated CEOs search for competitive advantages in the marketplace, one must ask why so many non-profit health care management organizations would be lined up in a bid for these contracts—unless of course the profit margins were going to meet the needs of the bottom line as a first priority. The question must then be asked: What does such a scenario ultimately mean for veterans?

BVA supports the Independent Budget's recommendations that changes be made to the previous fee-basis contracted care system as follows:

1. Veterans' electronic medical records are properly updated with data regarding any care provided by non-VA providers.
2. The change process should fully involve an integrated, seamless continuum of care that facilitates improved health care delivery and access to care.

3. Providers should be properly credentialed and certified.
4. Contracted health care services must be able to move a veteran from outpatient clinic care to ambulatory care diagnostic services, and into all other VA medical care service, while avoiding fragmentation of the care.
5. Oversight be transparent, effective, and protect the veteran from abuse.

Once again, Mr. Chairman, thank you for this opportunity to present BVA's legislative views on Project HERO. BVA is extremely proud of its 61 years of continuous service to blinded veterans and all of the accomplishments the organization has enjoyed. Health care problems confronting the nation are complex. The future of managed-care organizations, once considered the answer to many of the issues, has dimmed considerably as rising costs still dominate almost every decision. Veterans who served and defended this country deserve to be more than pawns used to increase market shares for the bottom-line of a corporate contract. We expect this Committee to, at a minimum, require VA to present quarterly updates on numbers of veterans in contracted care, on types of medical services being provided, on costs per geographic area, and on veteran consumer satisfaction surveys regarding all services provided by Project HERO. Equally important for all veterans treated under this program are reports on the information technology transfer of data records from the contracted care providers into the VA health care records.

## **DISCLOSURE OF FEDERAL GRANTS OR CONTRACTS**

### **Blinded Veterans Association**

The Blinded Veterans Association (BVA) does not currently receive any money from a federal contract or grant. During the past two years, BVA has not entered into any federal contracts or grants for any federal services or governmental programs.

BVA is a 501c(3) congressionally chartered, nonprofit membership organization.

### **THOMAS ZAMPIERI BIOGRAPHY**

Thomas Zampieri is a graduate of the Hahnemann University Physician Assistant Program (June 1978). He obtained a Bachelor of Science degree from State University of New York and graduated with a Masters Degree in political science from the University of St. Thomas in Houston, Texas, in May 2003. Mr. Zampieri recently completed his political science Ph.D. dissertation and was awarded his degree by Lacrosse University. He is employed as the National Director of Government Relations for the Blinded Veterans Association, a congressionally chartered veterans service organization founded in 1945.

Mr. Zampieri served on active duty as a medic in the U.S. Army from 1972 to 1975. Upon completing Physician Assistant training, he served from September 1978 until August 2000 as an Army National Guard Physician Assistant, retiring at the rank of Major. During this time, he was involved in several military medical training programs and schools, successfully completing the Army Flight Surgeon Aeromedical Course at Fort Rucker in 1989 and the U.S. Army Medical Department's Advanced Officer Course at Fort Sam Houston Texas in 1992.