



**THE SECRETARY OF VETERANS AFFAIRS
WASHINGTON**

June 15, 2017

The Honorable David P. Roe, M.D.
Chairman
Committee on Veterans' Affairs
U.S. House of Representatives
Washington, DC 20515

Dear Mr. Chairman:

I write to inform you of the limited funding remaining in the Veterans Choice Fund established by section 802 of the Veterans Access, Choice, and Accountability Act of 2014, Public Law 113-146, as amended (Choice Act) for the purpose of funding the Veterans Choice Program (VCP). Section 802 of the Choice Act created the Veterans Choice Fund and appropriated \$10 billion for that account. As of June 9, 2017, \$9.2 billion of the Veterans Choice Fund has been obligated and \$7.1 billion has been expended. These levels represent a recent significant acceleration of funds being expended from the Veterans Choice Fund, and consequently, by this letter I am updating the estimates VA has previously put forth on when VCP funds would be fully obligated.

The Department of Veterans Affairs (VA) has furnished over 15 million VCP appointments since the start of the program and continues to schedule an average of 7,000 appointments daily. Approximately 1.7 million unique Veterans have received care through VCP since its implementation in November 2014. VA has focused on improving VCP through streamlined business processes, contract modifications, and implementation of statutory changes, while experiencing a significant increase in utilization. In recent months, VCP authorizations have been growing at a faster pace than during prior periods. In March 2017, VA issued the highest number of authorizations in a month since the start of the program, followed closely by April and May. Between March and May 2017, VA issued nearly 800,000 authorizations for VCP care, a 32-percent increase over the same time period in 2016. As a result, VA anticipates that VCP funds will be fully obligated sooner than previously expected. Based on VA's latest risk-adjusted cost estimates and volume projections, the program will run out of funding for new obligations on approximately August 15, 2017. This means that, while preauthorized appointments may continue past that date, no new referrals may be processed. Note that as payments are made for care, deobligations could occur, which would delay when the Veterans Choice Fund is exhausted.

In order to optimize community care funds, we are working collaboratively across the organization to implement a number of measures. First, we are continuing to send those Veterans with statutory eligibility for VCP—those eligible based on residence, wait times, or other criteria—to the VCP contractors at the Veteran's election. Second, medical facilities must now follow their usual referral patterns and refer Veterans to

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other VA medical facilities, Department of Defense medical facilities, or to other traditional community care providers when services are unavailable at their medical facility and the Veteran does not qualify for VCP under the statutory eligibility criteria. Third, we are readjusting internal resources to ensure appropriate community care funding through the end of fiscal year (FY) 2017. In order to ensure seamless care for our Veterans, VA staff must utilize all available options in obtaining the needed care.

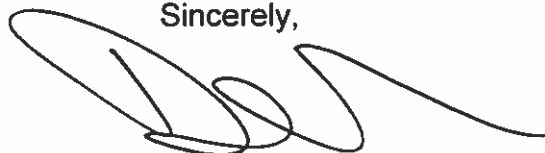
Our goal is to ensure that Veterans have access to timely, high-quality care either in VA or in the community; however, administrative barriers impede our progress. As an example, VA has two separate appropriations for community care—the Veterans Choice Fund and the Medical Community Care (MCC) account. These two separate accounts require careful monitoring to ensure a balance in utilization so that neither one is over-obligated. VA has testified to the need to have all community care funds in one account. The one combined account would provide more flexibility in utilization of community care.

The FY 2018 President's Budget includes a request for increased funding for the MCC account as well as funding for the Veterans Choice Fund. These funding levels are expected to meet the needs of the community care programs in FY 2018. I am asking Congress to ensure VA receives the actual funding identified in the FY 2018 President's Budget.

We are of course committed to working with you in partnership to ensure the current VCP and any successor program operate as smoothly as possible for the benefit of the Nation's Veterans. Should you have any questions, please have a member of your staff contact Mr. David Brant, Congressional Relations Officer, at (202) 461-6463 or by email at david.brant@va.gov. Similar letters have been sent to the leadership of the House and Senate Committees on Veterans' Affairs and the Appropriations Subcommittees on Military Construction, Veterans Affairs, and Related Agencies.

Thank you for your continued support of our mission.

Sincerely,

A handwritten signature in black ink, appearing to read 'David J. Shulkin', with a long, sweeping horizontal line extending to the right.

David J. Shulkin, M.D.