

**Testimony of
Vince Leist
on behalf of the
American Hospital Association
before the
Subcommittee on Health
of the
Committee on Veterans' Affairs
of the
U.S. House of Representatives**

“Assessing VA’s Ability to Promptly Pay Non-VA Providers”

June 3, 2015

On behalf of the American Hospital Association’s (AHA) nearly 5,000 member hospitals, health systems and other health care organizations, and its 43,000 individual members, I thank you for the opportunity to testify on the Department of Veterans Affairs’ (VA) ability to promptly pay non-VA providers and the challenges hospitals and health systems throughout the country have faced in receiving payment for services provided to our veterans.

I am Vince Leist, president and CEO of North Arkansas Regional Medical Center (NARMC) located in Harrison, Ark. NARMC is county-owned and operated by a not-for-profit health care system serving the comprehensive health needs of rural communities in northern Arkansas and includes a 174-bed hospital and three rural clinics. We also provide hospice, home health, urgent care and ambulance services and operate six primary care clinics. With 101 staff physicians and nearly 800 employees, NARMC is the second-largest employer in Harrison County. Like every community in America, we are proud of the men and women who have served our great nation, and we are eager to serve them. These brave veterans are our neighbors, and as a small community, we know them well and are honored to care for them in their time of need.



America's hospitals strive to ensure patients get the right care at the right time, in the right setting. As such, they have a long-standing history of collaboration with the VA and are eager to assist the department, and our veterans, in any way they can, including providing care through the Veterans Choice Program, the Patient-Centered Community Care (PC3) program, direct contracting with the VA and, of course, serving the urgent health care needs of our veterans as they arise when there is or is not a contract with VA in place. However, hospitals' continued inability to obtain timely payment from the VA and its contractors hinders access to care for veterans who need non-VA services and undermines the viability of non-VA hospitals across the country and the essential services they provide to their communities.

We also are concerned about the process by which the VA processes claims. Medical records have been lost or unaccounted for, leading to questions of privacy for our veterans. Unfortunately, there are no prompt payment laws for care that is provided to veterans if the hospital does not have a contract, and there is limited oversight of how these claims are processed. In addition, many veterans worry about claims that are not paid promptly or are left unpaid, and they are left in a difficult position of trying to get claims paid, often while battling illness. It is an untenable position for both veterans and hospitals.

Below, I outline why the lack of prompt payment impedes access to care for veterans and offer recommendations to address this important issue to ensure that high-quality care is provided to veterans and our communities.

BACKGROUND ON VETERANS CHOICE PROGRAM

The Veterans Choice Program is a new, temporary benefit allowing some veterans to receive health care from non-VA health care providers rather than waiting for a VA appointment or traveling to a VA facility. It was authorized under the Veterans Access, Choice, and Accountability Act of 2014 and provides \$10 billion for non-VA medical care to eligible veterans until the required end date of Aug. 7, 2017. The temporary program will end early if the allocated funds of \$10 billion are used prior to that date.

While we understand that the VA had an extraordinarily short timeframe in which to implement the program, hospitals, as well as veterans, have faced many roadblocks when attempting to provide and access care under the program. These roadblocks have resulted in a very small number of eligible veterans being able to access the program. With our shared goal of ensuring that America's veterans receive the care they need at the time they need it, the AHA in March provided the VA with [suggestions](#) for improving the Veterans Choice Program with respect to the mileage requirement, timely payment of claims and contracting to provide care.

LACK OF PROMPT PAYMENT HINDERS ACCESS TO CARE FOR VETERANS

Non-VA providers have experienced and continue to face problems obtaining timely payment from the VA and its contractors. This hinders access to care for veterans who need non-VA

services and is a disincentive for non-VA hospitals to either participate in the Veterans Choice Program, the PC3 program or to contract with the VA to provide health care services to veterans.

Last June, a witness from the Government Accountability Office (GAO) testified at a House Committee on Veterans' Affairs hearing on claim-processing discrepancies that delayed or denied payments for health care provided by non-VA providers. According to GAO, these delays or denials create an environment where non-VA entities are hesitant to provide care due to fears they will not be paid for services provided. In addition, a March 2014 GAO report found a non-VA hospital often either received no response after claims were sent to the VA or experienced lengthy delays, in some cases of years, in the processing of their claims. The hospital had approached the VA to try to discuss ways to improve the claims process, but those efforts were unsuccessful.

Last month, at a hearing before the full House VA committee, VA Deputy Secretary Sloan Gibson acknowledged the lack of timeliness in promptly reimbursing non-VA hospitals and expressed his commitment to improve the payment process. Hospitals and health systems welcome that commitment from the VA leadership; however, many non-VA hospitals have outstanding payments spanning many months – and some date back for years – so it is essential to work quickly to solve the problem of not paying promptly.

NARMC strongly believes that we need to serve the needs of our veterans. The closest VA health facility to NARMC is a small VA outpatient clinic down the street from the hospital. The closest VA hospital is 70 miles away, and the nearest non-VA hospital is 60 miles away. NARMC regularly accepts patients who are seen at the VA outpatient clinic but are too sick to travel to the VA hospital or any other hospital. These veterans are referred to our hospital by the VA outpatient physician. We also regularly see veterans who come to our emergency room because they have an urgent health care issue. Our mission is to heal, and while we wish we did not have to focus on the financial responsibility of running a hospital, we must – that is the only way we can keep our doors open. While we are very dedicated to serving the veterans in our community, and we accept each and every one who walks through our doors, we have decided against contracting with the VA due to slow or no payment for claims and the bureaucracy involved with getting claims through the payment process.

Since 2011, NARMC has 215 claims totaling more than \$750,000 that have not been paid by the VA. NARMC has attempted to work with the VA to resolve these claims; however, those efforts have resulted in, among other frustrations, long periods on hold to speak to VA service personnel, limitations on the number of cases to be discussed per phone call and lost medical records. In Arkansas, NARMC is not alone in not receiving prompt pay for services it provides veterans. More than 4,400 claims – many dating back more than three years – totaling \$24 million is currently owed to 60 Arkansas hospitals that are non-VA providers, according data from the Arkansas Hospital Association. Our elected officials have attempted to assist us with this difficult situation, but those efforts have had limited success. Additionally, in March, the VA reported a national backlog of more than \$878 million in delayed payments for veterans' emergency medical services delivered by non-VA providers.

Even though NARMC has not been paid by the VA for services going back four years, our hospital continues to provide care for the veterans in the communities we serve. However, lack of prompt payment from the VA combined with continued reductions to Medicare and Medicaid payments for hospitals are jeopardizing access to care for patients. From 2010 to 2014 alone, Medicare and Medicaid payments for hospital services were cut by more than \$121 billion. In addition, government programs continue to pay less than the cost of providing services to their beneficiaries – underpayment by Medicare and Medicaid to hospitals was \$51 billion in 2013 alone. Lack of adequate and prompt payment is particularly challenging for small and rural hospitals that already are contending with challenges such as remote geographic location, small size, limited workforce, physician shortages and often constrained financial resources.

If the VA does not pay claims promptly and further reductions in payments for hospital care continue, NARMC would be forced to reduce or eliminate services offered to patients or seek assistance from already-strapped counties in Arkansas. For example, our hospital offers life-saving ambulance services to four counties in rural Arkansas with no support from tax dollars, but those services could be scaled back or eliminated. Many hospitals throughout the country would have to make similar decisions, resulting in decreased access to care for patients and communities. We want to continue to provide essential health care services to our communities, including our veterans, but will not be able to do so without the proper resources, including prompt payment from the VA.

RECOMMENDATIONS TO ENSURE PROMPT PAYMENT

As required by the Veterans Access, Choice and Accountability Act, the VA must establish a nationwide claims processing system to receive requests for payment and to provide accurate and timely payments for claims. However, an interim final rule implementing the law does not set forth the timeframes within which the VA must review claims and make payment. The VA and its contractors should commit to paying non-VA hospitals in a timely manner for Veterans Choice Program services, as well as other services provided to veterans. Specifically, the VA should:

- Review claims as soon as practicable after receipt to determine whether they are proper. When a claim is determined to be improper, the department should return the claim to the hospital as soon as practicable, but no later than seven days after its initial receipt. The VA also should specify the reasons why the claim is improper and request a corrected claim.
- Pay claims within 30 days of the receipt of a proper claim.
- Make interest payments to hospitals when claims are not paid according to the 30-day standard.

In addition, Congress should consider requiring the VA to develop a metric to measure effectiveness in its claims processing, including soliciting feedback from non-VA providers, and have the VA report to Congress on a regular basis the information it obtains on the effectiveness of its claims processing.

CONCLUSION

The VA health system does extraordinary work under very difficult circumstances for a growing and complex patient population. While the system is working to overcome operational challenges, America's hospitals are eager to assist the department, and our veterans, in any way they can. The AHA stands ready to work with the committee to ensure prompt payment to non-VA providers so that hospitals can continue to provide vital services to veterans and all of the patients and communities they serve.