

POLICY FOCUS

The Veterans Health Administration

RECIPES FOR RATIONAL GOVERNMENT FROM THE INDEPENDENT WOMEN'S FORUM

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WHAT YOU NEED TO KNOW

The United States has a long, proud history of caring for our veterans in many ways. This includes providing healthcare services to those who've fought on behalf of our country.

But sadly, today the Veterans Health Administration (VHA) is plagued with dysfunction and is failing to meet the needs of the 8.76 million veterans who depend on this system for their care each year. A scandal in 2014 brought attention to “unofficial” and manipulated waiting lists, where tens of thousands of veterans languished waiting for care. Many veterans even died for lack of timely care. It is a sad irony that our most revered citizens, our veterans, suffer in a second-rate healthcare system with fewer options than other Americans.

Americans need to understand the reasons why the Veterans Health Administration is failing to fulfill its mission. It is truly a government-run health system, experiencing the same symptoms of other government-run systems in various parts of the world. Without individual choice and competition, bureaucracy reigns.

On the positive side, there are efforts underway to reform the Veterans Health Administration. The solution lies with allowing veterans a choice in their healthcare providers and facilities. America owes a special debt to our veterans, and competition would provide what they deserve: the best value for the best care.

WHY YOU SHOULD CARE

We should all be concerned with the plight of veterans trapped in the VHA system:

- **A National Responsibility to our Veterans:**

Veterans have served our nation honorably, fighting for us in conflicts near and far. Because veterans risk their health and their lives defending our national security, they deserve to be guaranteed access to high quality health care here at home.

- **Unresolved Problems Put Veterans Health at Risk:**

A scandal in 2014 revealed that scores of veterans died while waiting for care on unofficial and manipulated waiting lists at the Phoenix VHA. Investigations that followed revealed that these problems run rampant in the VHA nationwide. Despite efforts at reform in the past, these problems accessing care persist, putting our veterans' health at risk.

- **VHA Exposes the Shortcomings of Socialized Medicine:**

We can learn from the problems at the VHA. Government-run health care takes choice out of the hands of individual doctors and patients and often results in rationing, explicitly or implicitly. We should heed this experience as we consider the future of our healthcare system more broadly.

- **A Better Way:** Some lawmakers are taking steps to fix the VHA by allowing veterans to choose where to receive care, even outside the VHA system of facilities and providers. Choice and competition are the keys to providing America's veterans with timely access to the quality health care they need and deserve.

MORE INFORMATION

History and Structure of the Veterans Health Administration

The Department of Veterans Affairs has a long, rich, bipartisan **history**. Even before the Department officially became a federal administration in 1930, our government made various benefits available to veterans through the Veterans Bureau, including public service hospitals and homes.

But our history of caring for veterans goes back even further, even before the United States was an independent nation. As far back as 1636, a pilgrim law in Plymouth County, Massachusetts stated that disabled soldiers, who protected the colonists from Pequot Indians, would be supported by the colony.

This history reflects the commonsense moral obligation that citizens feel toward their fellow men who have sacrificed to keep everyone safe. We continue to respect this obligation today.

Today the Department of Veterans Affairs is a cabinet-level, executive department, where it was elevated by President Reagan in 1988. There are three main components of the Department: the Veterans Benefits Administration, the National Cemetery Administration, and the Veterans Health Administration.

The VHA today consists of 150 medical centers, nearly 1400 outpatient clinics, community

living centers, Vet Centers and Domiciliaries. The VHA employs approximately 53,000 healthcare practitioners and provides cares to more than 8.76 million veterans each year.

The 2014 Scandal and Response

Sadly, not all of the chapters of the VHA's history have been positive. In 2014, journalists revealed that 40 veterans died while waiting for care in the Phoenix VHA system on “unofficial” and manipulated waiting lists. Further investigations by the Veterans Affairs inspector general, Congress and the White House revealed that the problem was not isolated to Phoenix, but actually affected tens of thousands of veterans nationwide.

In 2014, Congress passed and President Obama signed the **Access, Choice, and Accountability Act** in an attempt to correct these problems. This legislation created a choice program for veterans who are unable to get an appointment within 30 days at a VHA facility or who live more than 40 miles away from a VHA facility. This law also authorized \$10 billion for the Veterans Choice Fund to pay for care received through the choice program (at non-VHA facilities). The law also included accountability measures and another \$5 billion in funding for hiring new practitioners and expanding facilities within the VHA system.

In theory, this new legislation was good, but sadly, in practice, the law has not been effective. Why? The VHA added many new employees from 2012 to 2015, but too few of them (**only 1 in 11**) were actually medical professionals. Too many

work in bureaucratic and administrative positions. Furthermore, the choice program has been a disappointment in execution.

Pete Hegseth, an Army veteran and political commentator, wrote for **National Review**:

But the choice cards veterans actually receive are barely worth the cardstock they are printed on. Because of congressional restrictions and sheer VA bureaucratic obstinacy, use of the so-called choice card is extremely cumbersome and time consuming, leaving millions of veterans with a card, but still no timely or convenient choice. Worse, thanks to delays in VA payments, veterans who use the card are often stuck with big medical bills.

The proof of the 2014 reforms' failure is in various reports. The VA Office of the Inspector General reported in spring 2016 that 21 of 38 facilities investigated were using “**improper scheduling**.” This means that schedulers would enter the next available date as a patient's desired appointment date (meaning the system would reflect no wait time), or VA staff would fail to list patients in the system altogether, meaning there was no measurement of their wait time. Another investigation from the **Commission on Care** (created by the 2014 reform law) reported that “many profound deficiencies in VHA operations require urgent reform” and also that the choice program of 2014 was flawed in its design and execution. The Commission concluded that the VHA system has excellent clinical offerings, but that *access problems* continue. In other words,

many veterans continue to wait too long in a disorganized and complicated bureaucracy.

Lessons for Health Policy

Our nation is in the midst of an important debate about the future of our healthcare system. The debate boils down to this: Who should manage our health care, the government or individual actors in the private sector? Understanding the VHA can be an important contribution to this debate.

The VHA is a government-run, single-payer healthcare system. This is similar to, but not exactly like, other U.S. government health programs. Medicare and Medicaid are government-run *health insurance* programs, but these programs contract with various hospitals and privately employed healthcare providers. In other words, the facilities within the VHA are all government owned and operated, while the Medicare and Medicaid programs simply fund the health care of seniors and low-income people (respectively) wherever those patients can find care. In this sense, the VHA is even more restrictive than other government programs when it comes to patient choice.

While the VHA is unique within the United States, it is not unique in the world. Many countries have similar, government-run health systems, and face many of the same problems as the VHA: shortages in the availability of treatment, long waiting times, limited choice and poor customer service.

Because demand for health care is inherently insatiable (people will always want to prolong

and improve the quality of life), there will always be greater demand for health care than providers can supply. Some government-managed health systems deal with this mismatch in supply and demand through *explicit* rationing. They set rules for what types of services are available (usually based on cost-effectiveness) to which populations (usually according to age or health status). This is the case, for example, for the U.K.'s **National Institute for Health and Clinical Excellence**.

But more often, government-funded health systems depend on *implicit* rationing, such as *waiting times*, price controls on reimbursements for services, and administrative or medical judgment calls. These still result in rationing, even if less obvious.

Defenders of government-controlled health care argue that rationing is inevitable and that **markets result in price-based rationing**. But this logic is flawed. In contrast to a government-controlled or “top-down” system, markets are the “bottom-up” result of individual decisions and prioritizing. The market-based approach to anything — including health care — starts with the premise that individual actors know better than a government body the best use of their resources. It follows that maximizing individual choice in a competitive environment will allow the most people to access the goods and services that best suit their individual needs.

We should trust individual patients and consumers to make their own choices, rather than allowing government managers, at the VHA or elsewhere, to limit our choices through

rationing, explicitly or implicitly. If the concern is that someone lacks the resources to participate in the market, then the solution is to augment his resources, but without destroying the important market process that honors individual choice.

A Better Way for the Veterans Health Administration

It's a travesty that our veterans are receiving substandard care. Solving this problem requires giving veterans more options when it comes to how they access care. The public agrees: A March 2016 Gallup poll found that 91 percent of Americans believe veterans should be able to get health care from any provider who accepts Medicare, not just VA facilities. That's a remarkably strong majority. There are very few issues that have this broad of agreement among the American people.

The latest legislative proposal that would address this, along with other reforms to ensure greater accountability within the VA, is called the "Caring for Our Heroes in the 21st Century Act." Representative Cathy McMorris Rodgers supports the idea and has introduced the bill in Congress.

We owe a debt of gratitude to our veterans, and should provide for their health care. But there's simply no need for the government to operate a dysfunctional bureaucracy like the VHA. This system should be reformed so that veterans can seek care from a vast array of providers in the private sector as easily as possible. Veterans deserve the best, most competitive and most timely care our healthcare system has to offer.

MENTAL HEALTH CARE FOR VETERANS

Also in 2014, lawmakers responded to the Phoenix-based scandal with another piece of legislation called the **Clay Hunt Act**, which attempted to address the poor state of veterans' access to mental healthcare services. It was named for a Marine sniper who committed suicide. Suicide rates for veterans are higher — **maybe even 50 percent higher** — than for the civilian population.

Among other provisions, the Clay Hunt Act requires an annual review of the VA's mental health and suicide prevention programs, and it creates a new centralized website where veterans can find resources related to these programs. The law also debuts a pilot program that repays education loans for young psychiatric doctors who commit to working for the VHA. The veterans' choice program in the **Access, Choice, and Accountability Act** also established a lower threshold for referral for private care (14 days) for mental health care than other care (30 days).

But sadly, the same problems that affect the VHA more broadly — namely improper scheduling and long wait times — **continue to plague veterans' mental health services** as well. This issue deserves greater investigation and attention.

WHAT YOU CAN DO

- **Get Informed:** Learn more about the Veterans Health Administration. Visit:
 - Independent Women's Forum
 - Concerned Veterans for America
 - The Galen Institute
- **Talk to Your Friends:** Help your friends and family understand these important issues. Tell them about what's going on and encourage them to join you in getting involved.
- **Become a Leader in the Community:** Get a group together each month to talk about a

political/policy issue (it will be fun!). Write a letter to the editor. Show up at local government meetings and make your opinions known. Go to rallies. Better yet, organize rallies! A few motivated people can change the world.

- **Remain Engaged Politically:** Too many good citizens see election time as the only time they need to pay attention to politics. We need everyone to pay attention and hold elected officials accountable. Let your Representatives know your opinions. After all, they are supposed to work for you!

ABOUT THE INDEPENDENT WOMEN'S FORUM

The Independent Women's Forum (IWF) is dedicated to building support for free markets, limited government, and individual responsibility.

IWF, a non-partisan, 501(c)(3) research and educational institution, seeks to combat the too-common presumption that women want and benefit from big government, and build awareness of the ways that women are better served by greater economic freedom. By aggressively seeking earned media, providing easy-to-read, timely publications and commentary, and reaching out to the public, we seek to cultivate support for these important principles and encourage women to join us in working to return the country to limited, Constitutional government.

We rely on the support of people like you! Please visit us on our website www.iwf.org to get more information and consider making a donation to IWF.

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