

**Statement of
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Department of Veterans Affairs
Before the
House Committee on Veterans' Affairs**

March 8, 2006

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Good afternoon, Mr. Chairman and members of the Committee and thank you for this opportunity to testify on the important topic of improving veterans' access to care through collaborations. In my experience as Director of the VA Pittsburgh Healthcare System and at other VA facilities, I have participated in a number of positive collaborations. I also am familiar with a variety of collaborations that have worked well for my VA colleagues. Today I will share a few examples and provide an overview of the collaborative study that I was privileged to co-chair with Dr. Greenberg to develop potential sharing opportunities between the Charleston VAMC and the Medical University of South Carolina.

First, I want to outline in general terms how I have determined whether particular collaborations were likely to be in the best interest of veterans. For a collaborative opportunity to be considered favorably it should increase veterans' access, improve quality through service enhancements, and provide VA with improved efficiency. As one would expect, if two organizations can share a capital expense, rather than duplicating it, they will save money on equipment and buildings. Those funds can then be used to enhance services. When deciding whether to consider sharing a given resource, we first determine the cost of providing that service independently. Then costs are developed for joint delivery of that service. For a collaboration to be considered a good sharing opportunity for VA, it must be more efficient for VA to deliver that service in collaboration with another entity; or the sharing might provide an enhancement to care that VA could not offer independently. The quality of the service delivered has to be as good or better than what is currently provided. The best sharing opportunities improve services while saving costs. To make these comparisons, data relating to demand and capacity for particular types of care, trends in the quality of service delivery, and cost information are reviewed. A good example of a sound collaboration is the Charleston VAMC and MUSC planned sharing of high tech equipment. Veterans and patients of MUSC will have access to care enhancements and the cost to each organization will be improved dramatically by sharing the equipment and expense. The type of sharing arrangement used in this case allows the VA to make a capital investment up front that is then recouped through revenue that supports operating expenses for several years.

In Pittsburgh, VA collaborated with the Commonwealth of Pennsylvania in providing long term care to the state's veterans. VA provided the state with land on the grounds of the Pittsburgh Healthcare System, and a grant for the

construction of a long term care facility. The state, under a sharing agreement, purchases services from VA to assist in the operation of the facility. This facility offers several levels of care that are in great demand in Allegheny County with its large population of aging veterans.

The Buffalo VAMC contributed \$250,000 toward the purchase of a new PET scanner for University Nuclear Medicine, Inc. VA's purchasing power resulted in a lower price. The university group operates the scanner and VA purchases services at a negotiated reduced rate. Again, the community and its veterans benefit from additional services and both organizations reduce costs.

I completed a similar arrangement while I was the Director of the Butler VAMC in which VA purchased a CT scanner that was installed in and operated by the community hospital. VA then received access to very low cost CT services for veterans and the community benefited through the availability of high tech equipment that the local facility could not readily afford independently.

In all of these arrangements, there are numerous legal and technical details that require careful planning. In each instance, the arrangements are a good financial deal for veterans. Funds saved through these collaborations support other service enhancements. Savings like these assist us in maintaining and enhancing care in an era of burgeoning demand for VA care and continually escalating health care costs.

On occasion, I have been presented with opportunities for collaborations that were presented as "good deals" for VA. However, financial analysis revealed the proposals either to increase operating expenses over current expenses or to require up front financial outlays without a reasonable return on investment. While this may seem obvious, it is important to note that any prospective collaboration must be considered on its own financial merit.

The Collaborative Opportunities Steering Group that developed sharing options for the Charleston VAMC and MUSC presented an opportunity to consider taking this type of sharing to a broader level. This group developed options for joint construction of new facilities that would maintain both organizations' identities and independent missions, while sharing some of the enormous cost burden associated with replacing aging health care facilities. The group was able to identify viable models for such construction. By sharing some of the higher cost infrastructure, both VA and the University could reduce the investment required to build and operate new facilities. As I mentioned earlier, this group identified opportunities to collaborate in the purchase of high tech equipment that will make new, state-of-the-art services available to veterans and other residents of South Carolina that might not otherwise be feasible for either organization to provide independently. The successful experiences VA has had in this type of sharing at other facilities enabled this group to recognize this opportunity in Charleston.

The plan for equipment sharing in Charleston is in the process of being implemented. Nearly 7 million dollars in equipment funds have been received in Charleston. Draft documents are being prepared.

Collaborative opportunities abound as private and public sector facilities across the nation are seeking to upgrade aging infrastructure and bring state-of-the-art care to their communities. With thoughtful planning, these collaborations can be mutually advantageous and provide VA with opportunities to assure that veterans have access to the latest technology at a more efficient cost.