

Testimony  
The Department of Veterans Affairs  
Information Technology (IT) Program

*Before the*  
House Committee on Veterans Affairs  
Subcommittee on Oversight and Investigations  
335 Cannon House Office Building

*Testimony of*  
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Mr. Chairman and members of the subcommittee, thank you for the opportunity to address the subcommittee today on Unisys role as the prime contractor for the Department of Veterans Affairs Patient Financial Services System (PFSS) project.

As you know, PFSS is a congressionally-mandated pilot in Veterans Integrated Service Network (VISN 10). Its objective is to obtain significant improvements in the timeliness and quality of billing and increase collections of first and third party claims by implementing industry proven, commercial off-the-shelf (COTS) financial billing and accounts receivable software in the Veterans Health Administration (VHA), and by integrating it with the VistA legacy environment.

Although the PFSS project is not envisioned as a means to improve the computerized patient records process, per se, an indirect benefit of the system - incorporating industry standard billing information such as CPT and ICD9 codes and associating them with every episode of care - contributes to the improvement of the medical record. The electronic patient account enabled by PFSS will provide the medical record with a greater level of detail about each veteran's care. Further, as the subcommittee has been tracking this project, Unisys was asked to testify on the progress of this effort at this hearing.

Unisys is pleased to have been selected by VA to implement the PFSS pilot. Our team is fully committed to success at all levels. We understand the strategic importance of the PFSS pilot, and are committed to a partnership with the VA to ensure we achieve the results desired by the government.

My testimony today will cover the following topics:

- PFSS project background
- PFSS project objectives and vision for the future:
  - Revenue cycle business transformation in VA – Involving people, process and technology
  - Benefits of PFSS to veterans
  - PFSS as an enabler of standardization and improved business practices in the VA enterprise
- Project status and accomplishments to date
- Critical success factors
  - Partnership and mutual commitment to success

## **PFSS Background**

Public Law 101-508, enacted in 1990, expanded VA's revenue recovery program by providing authority to seek reimbursement from veterans and private health insurers for costs incurred providing health care for veterans' non-service-connected (NSC) disabilities. The law also authorized the per diem co-payment and medication co-payment programs.

Public Law 105-33, enacted in 1997, established the Medical Care Collections Fund (MCCF) and authorized VA to retain collections from health insurers and veterans' co-payments at their local medical center.

These were important milestones in evolving the VHA health care system from one in which VA paid for all veterans' care, to one where third-party insurance carriers paid for veterans' non service connected health care services. And while progress was made during this time, it was difficult to achieve the desired revenue goals within the context of the VistA legacy system environment, which was originally designed exclusively around patient care, not patient financials.

As reported in their testimony before this subcommittee on May 7, 2003, GAO found that although third-party collections have increased in recent years, operational problems, such as missed billing opportunities, persist and continue to limit the amount VA collects.

Recognizing these challenges, in the conference report accompanying the FY '02 Appropriations Bill, Congress directed VHA to implement up to three pilot programs to test the viability of commercial patient financial software in the VA environment. The language specifically required the pilots to be contractor installed and operated. In response to this directive, VHA during 2002 conducted extensive market research of COTS software and determined that they would run a single pilot based in VISN 10, Healthcare System of Ohio. In April 2003, VA issued a competitive, performance-based statement of objectives to industry to select a systems integrator to lead the pilot effort.

In July 2003, Unisys Corporation was selected as the prime contractor to implement the Patient Financial Services System (PFSS) pilot. Unisys convened an experienced health care financial system team and we are engaged in the planning and analysis stage of the PFSS pilot program.

## **Company Background and Experience**

Unisys is a worldwide information technology services and solutions company. Our people combine expertise in consulting, systems integration, outsourcing, infrastructure and server technology with precision thinking and relentless execution to help clients, in more than 100 countries, quickly and efficiently achieve competitive advantage and improve responsiveness to their customers. Unisys has extensive experience delivering end-to-end solutions for government clients worldwide, including integration of commercial off-the-shelf (COTS) financials, supply chain, and customer relationship management (CRM) applications. We provide enterprise systems integration, e-government solutions, professional services, and enterprise-class server and related technologies to help transform the way government, selected public sector, and commercial organizations manage information. Unisys U.S. Federal Government Group employs almost 3,000 people, with about 2,000 employees located throughout the Washington, D.C. metropolitan area.

Unisys has more than 25 years' experience providing information technology to the health care industry. Clients have included the VA, National Institutes of Health, Eli Lilly, Maimonides Hospital, CHAMPUS, UnitedHealth Group, Department of Health and Human Services, the Department of Defense, OSD Health Affairs, and five state Medicaid fiscal agent customers.

- In cooperation with VA Pittsburgh Medical Center, Unisys developed the Unisys Collections Management System (UCMS) to improve the VA Medical Center accounts receivables collections process, resulting in a 15 percent increase in collections.
- Unisys systems processed more than \$20 billion in Medicaid claims in 2002.

## **Patient Financial Services System (PFSS)**

- *Project objectives and vision for the future*

The PFSS pilot will demonstrate how integrated, commercial patient management and patient financial software will significantly improve VA's first- and third-party collections by capturing and consolidating inpatient and outpatient billing information. Unisys and VA's objective is to ensure that PFSS is thoroughly integrated with and works efficiently in the VHA environment and is scalable and flexible enough to support any future iterations or migrations of VistA.

- *Revenue cycle business transformation involving people, process and technology*

Based on extensive experience integrating and implementing complex information system solutions, Unisys understands that technology alone rarely, if ever, succeeds in transforming agency or business operations. Achieving

meaningful improvements in the VA revenue cycle will depend not only on the PFSS software, but also on significant business process and organizational changes.

Recognizing the importance of addressing each of these key areas, VA in 2001 contracted for an evaluation of the VA's processes related to the overall revenue cycle. There were 24 recommendations addressing the need for both re-engineered business processes and technology enhancements. VA, as documented in the revenue action plan formulated with the establishment of the Chief Business Office and discussed before congress during last May's hearings, has completed many of these recommended changes and is working on the remainder. While Unisys responsibilities for PFSS are focused initially on technology enhancements, we are working with VA to ensure that relevant business process and change management issues are identified and addressed. Throughout the analysis stage of the project, business processes that are required to support the current and future revenue cycle state have been documented. Process gaps have been identified and we are working closely with VA on effective change management to fill them.

- *Benefits of PFSS to veterans*

PFSS will benefit the veteran in many direct and indirect ways. One outcome of the project will be an improved patient financial statement which will combine in one easy-to-read document all charges for services provided. In the pilot, this statement will identify charges for services provided in all VISN 10 facilities. Ultimately, one statement will reflect charges for all services delivered throughout the VHA health care system. PFSS will allow VA to provide better information on the patient statement (i.e., date of service vs. transaction date, insurance billed date and payment date). The project team is engaging VISN 10 Veterans Service Organization(VSO) leadership to identify veterans who are willing to participate in working groups to help identify the best way to address veteran concerns with the financial statement and to identify and develop solutions for what they consider chronic billing problems. In other client sites where this combined patient statement has been implemented, customer service call levels have been reduced by up to 50 percent, clearly indicating improved customer service and satisfaction.

The PFSS system also will enable quicker turnaround time on claims so that veterans can more consistently take advantage of insurance company coverage of co-pays, eliminating the time consuming process for VA of issuing statements to veterans for co-pays after 90 days, and processing subsequent refunds. This improved automation will enable checks and balances in the system, automatically matching Veterans Benefits Administration (VBA) codes with industry standard billing (ICD9) codes, ensuring that VA is billing only for services it is allowed to bill for, under the law, and not for service- connected care. Indirectly, PFSS benefits the veteran by ensuring that VA collects all revenue it is

entitled to from third party insurance, putting more dollars back into the facilities' operational budgets, which in turn supports enhancements to patient care.

- *PFSS as an enabler of standardization and improved business practices in the VA enterprise*

One of the goals of PFSS is to provide a model for standardizing revenue cycle business practices throughout the VA enterprise. Standardization has many benefits, not the least of which is the ability to analyze performance, trends, and to report accurately at the enterprise level. PFSS will provide VA with full visibility into all services provided to veterans, and the charges associated with them.

Regardless of whether the charge is billable because of a service-connected disability, VA will, for the first time, improve its understanding of the "universe" of services provided and both the potential and actual charges that result. As the pilot in VISN 10 proves successful and the system is rolled out across VHA, each VISN will adopt standard practices, enabling the consistency of operation and delivery of services that is required for efficient revenue cycle operations and sustainable improvements in billing and collections.

- *Project status and accomplishments to date*

One of the key differentiators for Unisys in being selected to lead this project was the company's innovative approach to selecting the most capable COTS patient financial software solution. Unisys placed in a run-off the two top vendors who provide combined professional and technical medical billing solutions to identify the vendor that would provide the best value to VA. Each vendor underwent a rigorous evaluation process that included a live demonstration of more than 60 VA-specific patient encounter scenarios. The vendor selected - IDX - successfully demonstrated the ability of its solution to perform these scenarios using industry standard process flows and using VA data. IDX performed these scenarios without any custom modifications to the software's core functionality.

In October 2003, with the IDX Flowcast solution selected, the PFSS project management team led the partners - Unisys, VHA Chief Business Office (CBO), VHA Office of Information (OI - the CIOs office), and VISN 10 - through a planning process using a best practices project management approach. The result was a detailed project management plan, a roadmap that outlines the specific processes the PFSS project leadership team will use to ensure a successful implementation of IDX in the first VISN 10 site

Following completion of the planning stage, the project team moved immediately into analysis. The purpose of this stage was to document the current revenue cycle process flows within the medical center (and VISN). With that as a baseline, the next task was to build a model of the future state process. This

future state will be supported by the IDX Flowcast software and integration with VistA, providing the improvements required to drive to the threshold values for the business metrics established for the project.

- 15 percent increase in collections
- Reduction of gross days revenue outstanding (GDRO) to 75 days,
- Reduction of accounts receivable greater than 90 days to 26 percent, and
- Reduction of days to bill to 25.

The analysis stage revealed that improved patient management functionality, including inpatient scheduling, pre-arrival and bed management, was critical to the success of the project. VA, OI and CBO decided in December 2003 to include patient management in the project scope, utilizing IDX's Visit Management module, as part of the pilot.

Finally, the teams analyzed the gaps between the current systems and the target future state flows to identify issues that would result in barriers to success. A number of these issues were identified and have been the focus of discussions among Unisys, CBO, OI and VISN 10. Potential solutions to the gaps identified in these sessions are being evaluated and the team has begun documenting business process change requirements. This week, we are completing work to define workload and timeline impacts of all of the changes that will be required to support the pilot solution.

The design stage comes next, and planning for design began this week.

- *Critical success factors*

As should be expected, this project is not without its challenges. Implementing a COTS product in the VistA environment is complex and must be accomplished in the middle of a massive re-hosting initiative, HealtheVet VistA, which the VA has undertaken. Changes in VistA required to support a COTS billing and accounts receivable solution challenge the very fabric of a system never designed to produce bills. In a similar commercial implementation, a patient/ account level database where visits are easily married with orders and charges is fundamental to ensuring profitability. In VistA, the concept is foreign.

- *Partnership and mutual commitment to success*

A fundamental requirement for success in this project is the partners' mutual commitment. It is well understood that resources are limited and that there are competing priorities for IT projects in the VA enterprise. To ensure success, we are partnering to address all challenges, establish priorities and ensure that we are all contributing the resources required to make PFSS a success. The Unisys team is focused on meeting or exceeding all performance objectives, and on working closely with the VA team to identify, communicate and address all potential issues as they arise.

While there are many areas which Unisys' performance, as the prime contractor, depends largely on our expertise, skill and decision-making, we likewise are highly dependent on our VA colleagues to implement key information system changes or other program components that are completely outside our control. We are fully committed to ensuring these dependencies are well understood and defined in a timely, thorough manner, so that our mutual goals and objectives can be achieved.

## **Conclusion**

Mr. Chairman, in my testimony I have outlined the elements of the PFSS program and suggested ways to ensure its success. I look forward to working with you and the other members of the committee. PFSS is an essential component of the VA's efforts to re-engineer business processes, re-define personnel responsibilities and roles and use state of the art technology to facilitate those processes. For this project to be successful, we must have top/down commitment to providing necessary resources and to holding all parties accountable for delivering the expected and defined results.

Thank you for the opportunity to provide my comments to the subcommittee today. I look forward to your questions and comments.

