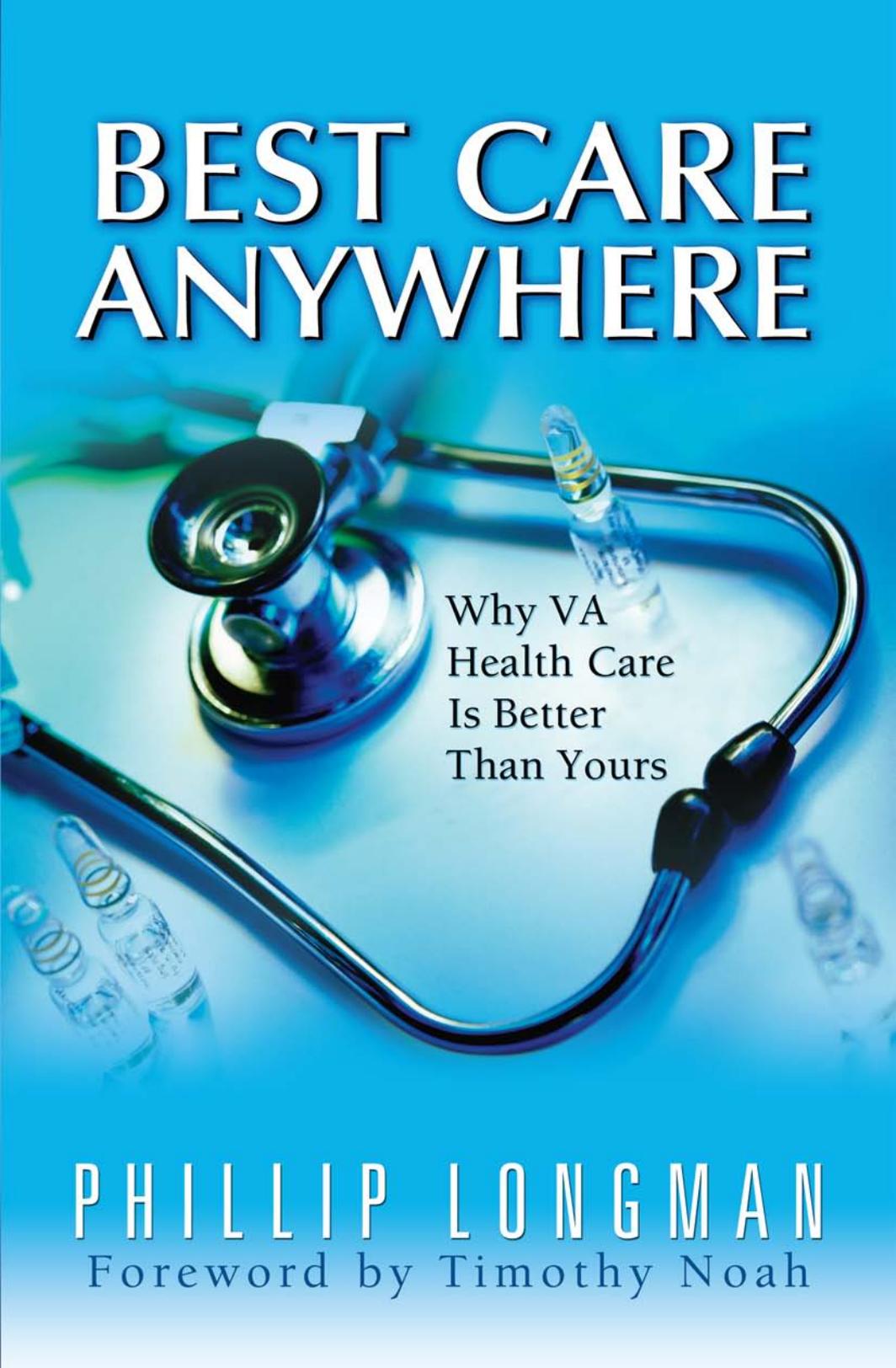


# BEST CARE ANYWHERE

A stethoscope is the central focus, lying on a light blue surface. Several small, clear vials with yellow caps are scattered around it. The background is a solid, light blue color.

Why VA  
Health Care  
Is Better  
Than Yours

PHILLIP LONGMAN  
Foreword by Timothy Noah

Best Care Anywhere

# Best Care Anywhere

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Why VA Health Care Is Better Than Yours  
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PHILLIP LONGMAN

Best Care Anywhere:  
Why VA Health Care Is Better Than Yours

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## ONE

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# Best Care Anywhere

Quick. When you read “veterans hospital,” what comes to mind? Maybe you recall the headlines about the three decomposed bodies found near a veterans medical center in Salem, Virginia, in the early 1990s. Two turned out to be the remains of patients who had wandered off months before. The other patient had been resting in place for more than fifteen years. The Veterans Administration admitted that its search for the missing patients had been “cursory.”<sup>1</sup>

Or maybe you recall images from movies like *Born on the 4th of July*, in which Tom Cruise plays an injured Vietnam vet who becomes radicalized by his shabby treatment in a crumbling, rat-infested veterans hospital in the Bronx. Sample dialogue: “This place is a fuckin’ slum!”

By the mid-1990s, the reputation of veterans hospitals had sunk so low that conservatives routinely used their example as a kind of *reduction ad absurdum* critique of any move toward “socialized medicine.” Here, for instance, is Jarret B. Wollstein, a right-wing activist and author, railing against the Clinton health care plan in 1994: “To see the future of health care in America for you and your children under Clinton’s plan,” Wollstein warned, “just visit any Veterans Administration hos-

pital. You'll find filthy conditions, shortages of everything, and treatment bordering on barbarism."<sup>2</sup>

Former congressman and one-time attorney for the Department of Veterans Affairs Robert E. Bauman made the same point in 1994, in a long and well-documented policy brief for the libertarian Cato Institute. "The history of the [VA] provides cautionary and distressing lessons about how government subsidizes, dictates, and rations health care when it controls a national medical monopoly."<sup>3</sup>

And so it goes today. If the debate is over health care reform, it won't be long before some free-market conservative will jump up and say that the sorry shape of the nation's veterans hospitals just proves what happens when government gets into the health care business. I made the same argument myself, in a book published in the mid-1990s.<sup>4</sup> Yet here's a curious fact that few conservatives or liberals know. Who do you think receives better health care? Medicare patients who are free to pick their own doctors and specialists? Or aging veterans stuck in those presumably filthy VA hospitals, with their antiquated equipment, uncaring administrators, and incompetent staff?

An answer came in 2003, when the prestigious *New England Journal of Medicine* published a study that used eleven measures of quality to compare veterans health facilities with fee-for-service Medicare. In all eleven measures, the quality of care in veterans facilities proved to be "significantly better."<sup>5</sup>

Here is another curious fact. The *Annals of Internal Medicine* in 2004 published a study that compared veterans health facilities with commercial managed care systems in their treatment of diabetes patients. In seven out of seven measures of quality, the VA provided better care.<sup>6</sup> A RAND Corporation study pub-

lished in the same journal concluded that VA outperforms all other sectors of American health care in 294 measures of quality.<sup>7</sup>

Or consider this. In 2006, a study comparing the life expectancy of elderly patients in the care of the veterans health system with those enrolled in the Medicare Advantage Program showed that the mortality rates were “significantly higher” among the latter.<sup>8</sup>

It gets stranger. Pushed by large employers eager to know what they are buying when they purchase health care for their employees, the National Committee for Quality Assurance ranks health care plans on many different performance measures. These include how well they manage high blood pressure or adhere to such protocols of evidence-based medicine as prescribing beta-blockers for patients recovering from a heart attack. Winning NCQA’s seal of approval is the gold standard in the health care industry. And who do you suppose is the highest ranking health care system? Johns Hopkins? Mayo Clinic? Massachusetts General? Nope. In every single category, the veterans health care system outperforms the highest-rated non-VA hospitals.<sup>9</sup>

Or consider what veterans themselves think. Sure, it’s not hard to find vets who complain about difficulties in establishing eligibility. Many are rightly outraged that the Bush administration, presumably because of its ideological hostility to government-provided health care, has decided to deny previously promised health care benefits to veterans who don’t have service-related illnesses or who can’t meet a strict means test. Yet these grievances are about access to the system, not about the quality of care. Veterans groups tenaciously defend the VA health care system and applaud its turnaround. “The

quality of care is outstanding,” says Peter Gayton, deputy director for veterans affairs and rehabilitation at the American Legion. In 2006 the Legion listed among its top legislative priorities a bill that would entitle veterans to trade in their Medicare benefits for treatment by the VA.

For six consecutive years, the VA has received the highest consumer satisfaction ratings of any public or private sector health care system, according to surveys done by the National Quality Research Center at the University of Michigan. In the latest independent survey, 83 percent of VA hospital patients express satisfaction with the care they receive. This compares to 76 percent of Medicare and Medicaid patients.<sup>10</sup> One reason vets like the VA so much: they enjoy prompt efficient service, as a rule. A full 69 percent report being seen within twenty minutes of scheduled appointments (that’s happened to me about once in my life), while 93 percent report being able to see a specialist within 30 days of the desired appointment.<sup>11</sup>

Outside experts agree that the VA has become an industry leader in safety and quality. Dr. Donald M. Berwick, president of the Institute for Healthcare Improvement and one of the nation’s top health care quality experts, praises the VA’s information technology and use of electronic medical records as “spectacular.” The venerable Institute of Medicine notes that the VA’s “integrated health information system, including its framework for using performance measures to improve quality, is considered one of the best in the nation.”<sup>12</sup> The *Journal of the American Medical Association* noted in 2005 that the VA’s health care system has “quickly emerged as a bright star in the constellation of safety practice.”<sup>13</sup> Another study published in *JAMA* finds that the VA is also distinguished by its ability to overcome racial disparities in health care by doing a much bet-

ter job than other health care providers in keeping African American patients alive.<sup>14</sup>

### The Toyota of Health Care

Stranger still, all the while that VA has been winning these encomiums, it has tightly contained its cost per patient. Even as inflation in the rest of the health care sector has been running in double digits, the VA is not only raising the quality, safety, and effectiveness of the care it provides, it is also controlling costs. As Harvard's John F. Kennedy School of Government gushed, in awarding the VA a top prize in 2006 for innovation in government: "While the costs of healthcare continue to soar for most Americans, the VA is reducing costs, reducing errors, and becoming the model for what modern health care management and delivery should look like."<sup>15</sup>

Precise comparisons of year-to-year costs per patient are difficult, since the mix of patients changes over time as eligibility rules change, along with the amount of combat American forces face. But here's a suggestive statistic: Between 1995 and 2004, the cumulative increase in the VA's cost per enrollee was just 0.8 percent, while that of Medicare was a whopping 40.4 percent. Over the same period, the Medical Consumer Price Index increased by 39.4 percent.<sup>16</sup>

Or consider this measure of the VA's medical efficiency. Veterans enrolled in its health care system are as a group far older, sicker, poorer, and more prone to mental illness, homelessness, and substance abuse than the population as a whole. Half of all VA enrollees are over age sixty-five. More than a third smoke. One in five veterans has diabetes, compared with one in fourteen U.S. residents in general. Name any chronic

disease—Alzheimer’s, cancer, congestive heart failure, sclerosis of the liver—and a much higher percentage of veterans have it than do Americans in general. Yet the VA’s average expenditure per patient in 2004 was just \$5,562, including the prescription drug and long-term care benefits that have long been available to VA patients.<sup>17</sup> By comparison, Americans as a whole, including children and those who never saw a doctor during the year, consumed an average \$6,280 in health care dollars in 2004.<sup>18</sup>

Admittedly, these comparisons are not perfect. Many people enrolled with the VA also receive health care elsewhere. Much of the VA’s cost savings have resulted from closing obsolete or underutilized hospitals—a process that cannot continue indefinitely. And it is also true that the VA’s cost per patient has risen somewhat in recent years. But remember, the population the VA serves is not only older, sicker, and poorer than the U.S. population as a whole, in recent years it has also been joined by all the soldiers wounded in Iraq and Afghanistan—many of whom, because of the use of body armor in these conflicts, are coming home with grievous injuries that otherwise would have killed them. The VA’s ability to contain its cost per patient under these circumstances is truly remarkable.

You might well think that the untold story here is that the VA engages in rationing. And indeed, according to a RAND study published in the *New England Journal of Medicine* in 2006, VA patients received only about 67 percent of the care that experts believe they should get. But before you say, “I knew there was a catch,” consider this: the same study found that the U.S. health care system as a whole delivers only 54.9 percent of the treatments recommended by evidence-based medicine.<sup>19</sup>

Because the VA lacks any financial incentive to engage in overtreatment, it saves money by avoiding unnecessary surgery and redundant testing. But “rationing” is hardly the right word to explain the VA’s cost-effectiveness. Instead, it is Americans who *don’t* use the VA who stand the greatest risk of receiving inappropriate care, ranging from doctors who fail to prescribe routine preventive measures such as flu vaccines or medicine to control hypertension to vast amounts of overtreatment. According to the same study, even Americans with \$50,000 or more in family income receive lower-quality health care than do VA patients in general.<sup>20</sup>

What a concept! Cost containment and quality improvement go hand in hand in many industries, but in health care this is virtually unheard of. If the VA were a car company, it would be Toyota. Today’s VA produces the equivalent of well-engineered, efficient, reliable, reasonably priced cars with few defects and great safety records, using proven scientific techniques and a culture of continuously improving quality control. By contrast, if America’s most prestigious hospitals were auto companies, most would build cars like Alfa Romeo or Renault—classy to look at, and often very innovative, but unsafe, inefficient, temperamental, ridiculously expensive, and an unwise choice of transportation in situations where your life actually depends on their not breaking down.

### Take-Home Lessons

If this contrast gives you cognitive dissonance, it should. The VA, after all, is a massive bureaucracy headquartered in Washington. Its medical division alone, known as the Veterans Health Administration (VHA), employs more than 198,000

workers represented by five different unions. Even many of its doctors are organized into bargaining units. This is the last place most people, including myself, would expect to find true innovation in technology or human organization, let alone a world-class exemplar of best practices in health care.

The VA's performance is particularly difficult for conservatives to process. Back in 2004, when the Bush administration pushed for greater use of information technology in health care as a means of improving quality and holding down costs, it wound up choosing not some well-endowed, prestigious private hospital as the place to showcase the potential, but the Baltimore VA Medical Center. That's because, despite the administration's overall faith in market forces, it could find no private sector hospital that could begin to match the VA's use of electronic medical records. Only about 10 percent of American hospitals even have them, and those that do often find their commercial software programs to be buggy and inadequate. "I know the veterans who are here are going to be proud to hear that the Veterans Administration is on the leading edge of change," Bush found himself exclaiming in his remarks at the Baltimore VA Medical Center.<sup>21</sup> If Bush found it strange or disorienting to be saying this about the largest actual example of socialized medicine in the United States, he didn't express any curiosity about how and why it might be true.

Which is regrettable. Because the story of how and why the VA became the benchmark for quality medicine in the United States suggests that vast swaths of what we think we know about health, health care, and medical economics are just wrong.

It's natural to believe, for example, as I long did, that more competition and consumer choice in health care will lead to

greater quality and lower costs, because in almost every other realm it does. That's why the Bush administration and conservatives in general have pushed for individual "health savings accounts" and high-deductible insurance plans. Together, these measures are supposed to encourage patients to do more comparison shopping and haggling with their doctors, and therefore create more market discipline in the system.

But when it comes to health care, it's a government bureaucracy that's setting the standard for best practices while controlling costs, and it's the private sector that's lagging in quality and cost-effectiveness. That unexpected reality needs examining if we're to have any hope of understanding what's wrong with America's health care system and how to fix it.

It turns out that precisely because the VA is a big, government-run system that has nearly a lifetime relationship with its patients, it has incentives for investing in prevention and effective treatment that are lacking in private-sector medicine. As we'll see, these incentives became particularly sharp beginning at the VA's lowest moment in the late 1970s. Even as the VA faced severe budget cuts and loss of political support, the large numbers of World War II and Korean War veterans it served were then beginning to experience the infirmities of old age. VA doctors in that era found themselves dealing more and more with aging patients beset by chronic conditions such as hypertension, diabetes, and cancer, and they had to find a way to manage these diseases with dwindling resources. The happy, if unexpected, result was an explosion of organizational and technological innovation, most of it started by individual VA doctors acting on their own, that the private sector still cannot match.

During the period of the VA's transformation, chronic ill-

nesses still affected a comparatively small share of the population as a whole but are now becoming widespread as the baby boom generation ages and as increasing numbers of younger Americans experience the consequences of obesity and sedentary lifestyle. This gives the story of the VA's turnaround a growing relevancy. Some twenty years ahead of their time, VA doctors felt compelled to begin developing a new, highly effective model of care stressing prevention as well as safe and effective management of chronic disease. Today, the continuing improvement of this model, which is based largely on the skillful use of information technology in both treatment and medical research, has propelled the VA into the vanguard of twenty-first century medicine. The purpose of this book is to explain the VA's unexpected triumph and to show how to make its benefits available to all Americans.

## Current Affairs / Medicine

"Phillip Longman has uncovered the biggest, untold medical story of the last decade; the highest quality, lowest cost health care in America is being produced not by the private sector, but by a government agency, the VA. It's a story that will fundamentally alter the biggest medical issue of the coming decade: the drive for universal health care."

**Paul Glastris**, *The Washington Monthly*

"In this important book, Phillip Longman describes the turnaround of the VA healthcare system—now widely recognized as leading the nation in terms of both quality and costs—and offers insights that will be useful to patients and policy makers alike."

**Dr. Elliott S. Fisher**, Dartmouth Medical School

"Among the most important social policy books published in the last decade. Longman's evidence calls into question fundamental aspects of the neoliberal worldview—that it's deeply reported and stylishly presented is icing on the cake. Buy this book."

**Ezra Klein**, *The American Prospect*

"The improvement of the VA healthcare system in the past decade is one of the most impressive stories of large-scale change—and at the leadership thereof—in modern times. Students of quality improvement will find lesson after lesson in this important case study."

**Donald Berwick**, MD, MPP, President and CEO, Institute for Healthcare Improvement; Professor, Harvard School of Public Health.

"Longman's plan for applying lessons learned at the VA to the health system at large deserves urgent attention by conservatives and liberals alike."

**Paul Hewitt**, Americans for Generational Equity; Deputy Commissioner for Policy, Social Security Administration, 2003-2004

"Using the example of the VA, this book lets you see how all the tools we need to fix America's health care crisis have already been invented."

**David Durenberger**, National Institute for Health Policy, Senior U.S. Senator from Minnesota, 1978-1995

"I highly recommend this insightful book to policy makers and ordinary Americans alike. I hope its impact on future health care debates is as positive as the changes made at the VA."

**Chris Jennings**, former Senior Health Advisor in the Clinton White House

"Phillip Longman is the rare intellectual who writes in lucid, compelling prose. *Best Care Anywhere* is an important policy book and a great read."

**Jonathan V. Last**, *The Weekly Standard*

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