

**STATEMENT OF  
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BEFORE THE  
COMMITTEE ON VETERANS' AFFAIRS  
SUBCOMMITTEE ON HEALTH  
U. S. HOUSE OF REPRESENTATIVES**

OCTOBER 21, 2003

Mr. Chairman and Members of the Subcommittee:

I appreciate the opportunity to appear before you today to discuss the compensation of physicians in the Veterans Health Administration. I am the Chief of Staff of the VA Connecticut Healthcare System and Professor and Associate Dean for Veterans Affairs at Yale School of Medicine. I recently completed an 18-year tenure as a clinical department chair at Vanderbilt University School of Medicine, where I worked closely with the affiliated VA, the Tennessee Valley VA Healthcare System. In both responsibilities, I have had substantial experience recruiting and retaining academic physicians who are working full or part time in the VA Healthcare System.

The Veterans Health Administration is the largest integrated health system in the United States. Its mission is to provide clinical care for eligible veterans, educate trainees in medicine and allied health care, and provide backup to the Department of Defense in the event of a national emergency. VA Medical Centers are affiliated with 107 medical schools, and the VA supports 10% of all graduate medical education in the United States. Recently the VA Healthcare System has been widely recognized as a leader in healthcare with regard to safety, patient information systems, delivery of primary care, and prevention of disease. A significant part of this success story is due to the group of talented and dedicated physicians that staff our VHA facilities throughout the country, many of which are affiliated with medical schools. As they mature in their careers, many

of these physicians simultaneously contribute to several of the VA missions, and do it at the local, VISN, and national levels of VA organization. It is imperative for the VA to retain its most talented and hard working physicians rather than have them migrate out of VA employment at the time that they become most valuable to the VA mission, because of an overly rigid system of compensation.

You have heard testimony today on the current compensation system for VA physicians, how it developed, and the problems that it currently creates for recruiting certain physicians, and retaining a larger group of physicians. I would like to focus on two aspects of the problem. The first is the recruitment and retention of expert physicians in certain highly compensated subspecialties. The second is the retention of highly skilled and accomplished physicians, regardless of specialty, who are maturing in their careers within the VA system. These physicians are often full time.

The legislation under discussion today provides a solution for the compensation problems created in both scenarios. It provides salary benchmarking to a reasonable standard. The AAMC statistics on the compensation of academic physicians are the most reliable database that I am aware of to indicate what large academic medical centers pay their clinical medical faculty. The database indirectly provides a reasonable and moderate benchmark for market-based pay of physicians. Secondly, the legislation provides flexibility to recognize seniority of physicians, national recognition, and market competition for their services based on their accomplishments.

Let me share with you the difficulties that we have encountered in recruiting and retaining physicians in highly compensated specialties. The VA Connecticut Healthcare System is a large tertiary medical care system, spanning the state of Connecticut, and affiliated with Yale and the University of Connecticut medical schools. We have an active surgical program and require subspecialized surgeons and anesthesiologists on our medical staff. We have had great difficulty recruiting and retaining academic surgeons in urology, ENT, ophthalmology, orthopedic surgery as well as anesthesiologists because of our pay structure. If we were not affiliated with two academic medical centers recruiting

such physicians would be even more difficult. In VISN 1, Northampton and Boston, Massachusetts have had significant difficulty recruiting and retaining radiologists. Because of these difficulties, we have had to turn to contracting for clinical services in these disciplines. Contracting is fundamentally a more expensive means of providing specialty medical and surgical care. Furthermore, the contract physician does not have the same investment and involvement in the healthcare system. This is a hidden additional expense when you think about organizational change, continuous quality improvement, and day-to-day administration.

The second, and equally important problem, is the retention of extremely talented and nationally recognized physicians in the VA Healthcare System, whose compensation slips behind their peers as they mature in their VA careers. These individuals bring substantial productivity, prestigious academic accomplishments, and national leadership in healthcare to their VA facilities. They are usually full time, enjoy working in the VA, and are very loyal to the VA Healthcare System. However, once they establish a distinguished national reputation, they are often lured away by other medical schools to non-VA positions.

We have a number of such individuals in the VA Connecticut Healthcare System. Many of them are nationally and internationally recognized medical scientists. Interestingly, the majority of these scientists are also very clinically productive. They often assemble and lead state of the art clinical teams in specialized areas of diagnosis and treatment such as spinal cord injury, interventional cardiology, PTSD, alcoholism, and infectious disease. Their research is focused on discoveries that improve the healthcare of veterans. We have lost several of these leaders in recent years to other medical schools, where the salary differential was a significant factor in the recruitment.

Again, thank you for inviting me to this hearing. I will be pleased to respond to the subcommittee's questions.