

VA EXTENDED CARE:

Final Report to Congress
of VA's Experience Under the Millennium Act

EXECUTIVE SUMMARY

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Executive Summary

In November 1999, Congress passed The Veterans Millennium Healthcare and Benefits Act – Public Law 106-117. This law required the Department of Veterans Affairs (VA) to provide veterans access to a continuum of extended care services including geriatric evaluation, nursing home care, domiciliary care, non-institutional respite and adult day health care. The law directed the Department of Veterans Affairs to submit a report to Congress by January 1, 2003 on VA's experience under the extended care provisions of the Act. More specifically, Congress required VA to:

- ✓ assess VA's experience under the provisions of section 101 of the Millennium Act.
- ✓ compare costs incurred under provisions of this section to an estimate of the costs that would have been incurred if this section had not been enacted.
- ✓ provide recommendations as to whether the provisions of this section should be extended or made permanent, and what modifications, if any should be made to the provisions.

Using utilization, budget, cost estimate and patient assessment data, this report presents analyses of VA's experience and costs. The Department will issue a follow-up report on its experiences under the Millennium Act in December 2003. In that second report, VA will discuss recommendations related to the long-term care (LTC) provisions of the Act.

Key Findings – General

To date, there is evidence of, at most, only small changes in VA LTC services occurring immediately after enactment of Public Law 106-117. Small changes appear to offset or counteract each other and so no marked trends emerge. Basic descriptive findings include:

- Overall costs are basically equal to what one would expect in the absence of the Act through fiscal year (FY) 2001.
- Approximately 1 in 20 VA patients receives VA LTC care in any given year.
- This 5% of VA unique patients received about 25% of VA medical care resources.
- The majority of VA resources for these patients was for their acute care.
- From FY1998-FY2001, the proportion of patients with service-connected disability rating of 70% or greater increased slightly for all LTC patients and inpatients. The proportion for outpatients remained the same.

Key Trends in Management Tracking Measures

In July 2000, the VA Task Force for the Implementation of the LTC Provisions of the Millennium Act identified key management tracking measures that would need to be

reviewed to fully assess VA's experience under the provisions of the Act. These measures include: number of veterans served, access, cost and utilization, quality, patient satisfaction and implementation. Below are highlights of findings for each of these key management tracking measures.

Number of Patients and Access

- From FY1998-FY2001, the proportion of VA LTC patients treated in outpatient settings has grown from 57% to almost 64%.
- The number of VA LTC patients treated in inpatient settings grew by 6.7%.
- The average daily census (ADC) for geriatric evaluation and management units located in VA nursing home care units and respite care grew most (over 50%).
- ADC in VA nursing homes declined by 12% due to shorter lengths of stay, not fewer patients treated.

Program Costs/FTEE/Utilization

- Between FY1998 and FY2001, the budget for VA LTC programs grew by \$200 million, but declined from just over to just under 7.5% of the national VA medical care budget.
- Full-time equivalent employees increased for nursing home care units and outpatient LTC programs, reflecting growth in patient numbers and/or changes in acuity.

Quality

- Six outcome measures comparing actual outcome rates to predicted outcome rates showed no consistent trend. Two outcomes suggested quality improvement, one suggested quality decline, and three showed no change.
- Increases in predicted values, particularly for mortality, suggest that the average case mix in VA nursing homes is becoming more severely ill at admission.

Patient Satisfaction

- From FY1997 through FY2000, 80% of patients surveyed about VA home-based primary care rated their care as very good or excellent.

Implementation

- Since passage of the Millennium Act in November 1999, the VA has issued directives on the new eligibility requirements, the new and expanded program types, and co-payments in an effort to guide implementation of the Act.

Forecasting Trends in the Absence of the Millennium Act

The Millennium Act requires VA to compare costs incurred under the extended care provisions of the Millennium Act and the costs that would have been incurred if these provisions had not been enacted.

- The available evidence suggests that, at least through FY2001, the Millennium Act has had little effect on the volume of LTC services delivered to VA patients and therefore little effect on the cost for those services.
- For age group 65-74, the rate of veterans in LTC in FY2001 is about 8% below what a simple projection of past experience would suggest.
- For male veterans aged 75 and older, the rate of general LTC participation in FY2001 was about 13% above the projection.
- For male veterans younger than 74, the FY2001 LTC inpatient rates are almost exact extensions of the trends from prior years.
- For male veterans age 75 or older, there may be a small impact of the Millennium Act, leading to slightly higher LTC inpatient participation rates than would be expected, but the effect is difficult to quantify and probably less than 10%.

Supplemental Analyses

The Supplemental Analyses focus on additional questions that underlie the Millennium Act. Three sections address questions about VA nursing home discharge patterns, patient level expenditures and dual enrollment in Medicare and/or Medicaid.

Trends in VA Nursing Home Discharge Patterns

- About 4,000 VA patients were discharged and later readmitted to a VA nursing home in each of the years studied.
- The proportion of VA nursing home discharges readmitted to VA long-term or acute care remained stable between FY1998 and FY2001.
- Admissions of VA nursing home discharges to contract community nursing homes declined between FY1998 and FY2001.

Patient Level Costs (Expenditures)

In contrast to the Key Management Tracking Measures which look at the cost of a particular program, this section looks at the total LTC and other costs of a patient enrolled in a LTC program. In addition to LTC costs these costs include acute care and outpatient pharmacy costs. This section allows VA to determine what percentage of a patient's total costs are due to LTC utilization versus other types of utilization.

- LTC services account for about 40% of total annual VA expenditures for care for LTC patients.
- Within inpatient LTC, just over 70% of the expenditures for inpatient care services, and about 65% of total LTC expenditures were for VA nursing home care.

VA LTC Patients Enrolled in Medicare/Medicaid

- Except for those in domiciliary programs, roughly 75% of VA LTC patients were also enrolled in the Medicare program in the year they received VA LTC (compared to 53% of VA enrollees overall).
- Depending on their program, VA LTC patients were two to five times more likely to be enrolled in Medicaid than VA patients in general (5% overall).