Project Number: ECI 20-032-2
Project Title: VA Enrollees' Demand for VA and Non-VA Care
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Background/Rational:
VA cares for 4 million veterans annually. A quarter have no public or private insurance. VA provides all or most of their care. Insured veterans still use VA, especially for care with limited non-VA coverage. Thus, VA faces two major challenges: 1) How to attract and manage the care of patients with diverse reliance on its system; 2) How to meet potentially large shifts in enrollees' demand for VA care if other health systems change or there is further reform of VA benefits. Identifying factors affecting veterans' choices are critical in meeting the challenges.

Objectives:
This analysis has three specific objectives:
1. Identify factors affecting VA enrollees' reliance on VA, controlling for endogeneity of health insurance.
2. Identify factors affecting whether VA enrollees choose a regular VA/non-VA doctor and subsequent demand for VA services.
3. Identify factors influencing VA patients' Medicare enrollment, coverage and utilization.

Methods:
This cross-sectional study uses 1999 Survey data (personal characteristics, self-reported VA/non-VA use, insurance), VA and non-VA data (utilization, Medicare claims, Area Resource File and AHA hospital data). The study examines health care demand for inpatient care, outpatient care, having a (self-reported) regular physician, and special care (psychiatric or dental care). Estimation models vary. We control for endogeneity of insurance and choice of regular physician in estimations.

Findings/Results:
Insurance had a significant impact on VA enrollees' use of VA care. Enrollees with alternative insurance coverage were less likely to use VA and tended to use VA for special care such as pharmacy. Estimations consistently show that an insurance effect was underestimated without controlling for selection bias. VA patients with regular VA physicians were more likely to use VA care than those with regular non-VA physicians. Having a regular VA physician had a significantly negative effect on the ratio of pharmacy to total cost and on the likelihood of staying in VA hospitals for mental health/substance abuse treatment, implying that VA enrollees' with regular non-VA physicians tend to use VA mainly for special care such as pharmacy or mental health/substance abuse treatment. The impact of regular physicians on VA enrollees' use of VA care was underestimated without controlling for endogeneity.

Impact:
The results of our study will be invaluable to policy planners. First, knowing how and why veterans seek care under both VA and non-VA coverage can help VA anticipate enrollees' needs, especially as other payment systems, such as Medicare and Medicaid, change. Second, the study can also help federal policy makers better manage federal funds. For example, under its pending agreement with the Health Care Financing Administration to care for dually eligible patients, VA would benefit from knowing more about VA patients' use of care under the Medicare program. Third, information about variations in enrollees' demand across VISNs will be very important for planning future services and resource allocation decisions across the country. Finally, the methods and findings will be of interest to researchers and policymakers beyond VA who are interested in access to health care for elderly and disabled populations.

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