

Project Number: IIR 05-043

Project Title: How Do Medicare Health Plan Options Affect VA Utilization and Outcomes?

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One of the benefits that attracts substantial numbers of veterans to the VA is prescription drug coverage. Veterans find VA drug benefits more or less appealing depending on a variety of factors including convenience and the relative attractiveness of alternative coverage. One such alternative has been to enroll in a Medicare managed care plan, although such plans have not been available in all areas and the benefits and premiums have been unstable. Beginning in 2006, the Medicare Modernization Act will make drug benefits more widely available to veterans who are enrolled in Medicare. Because of the large overlap between the Medicare and VA populations, this change in Medicare benefits will have consequences for veterans and for VA. This project will use statistical models estimated from Medicare Current Beneficiary Survey (MCBS) data to learn how past variations in Medicare benefits available to veterans affected VA enrollment and how variations in the comprehensiveness of coverage that resulted from these enrollment choices affected veterans' health outcomes. The results of this work will help VA researchers use MCBS and will establish a new method for relating variations in insurance coverage to outcomes. VA administrators and policymakers will find our results helpful in designing policy interventions to improve veterans' health outcomes by identifying and addressing gaps in coverage that may result from changes in the Medicare program.

The proposed study has three objectives: Objective 1 is to study and quantify how veterans choose among their health insurance options. Objective 2 is to adjust MCBS measures of VA use and cost and develop measures of comprehensiveness of coverage. Objective 3 is to estimate the relationship between outcomes for veterans and the comprehensiveness of their drug and non-drug insurance coverage.

We will estimate three types of statistical models. The first will relate the generosity of Medicare health plan benefits to elderly veterans' decisions to enroll in VA, rely on Medicare, and/or purchase private insurance. The second will associate proportions of respondents' drug and non-drug expenditures financed out-of-pocket with their choices among health coverage options, controlling for differences in utilization. After adjusting for individual-level variation in utilization, this model will produce our measures of insurance coverage comprehensiveness. The third statistical model will relate these measures of insurance comprehensiveness to risk-adjusted mortality and preventable hospitalization rates for veterans and non-veterans.

The population under study will be all non-institutionalized veterans and non-veterans aged 65 and over and enrolled in Medicare. The sample will be all respondents to the MCBS from 1999 to 2003. Each year of MCBS data includes approximately 12,000 respondents, including about 2,700 veterans, selected to be a representative sample from Medicare enrollment files. MCBS data consist of survey responses linked to administrative claims for Medicare and Medicaid. We will link these data to VA administrative records and supplement them with county-level benefits and premium information for Medicare HMOs. The benefits and premium data will be extracted from the Medicare Personal Plan Finder database (previously known as Medicare Compare), which we have downloaded from the Centers for Medicare and Medicaid Services website.

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