

Project Number: MRR 99-008
Project Title: VERA Assessment
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Background/Rationale:

The Veterans Equitable Resource Allocation system (VERA) allocates a major portion of the Veterans Health Administration's (VHA)'s budget to the 22 Veterans Integrated Service Networks (VISNs).

Objectives:

The allocation for patient care represents the major portion of the VERA budget and is the focus of criticisms of the model. CHQOER investigated three key questions: (1) What is the financial impact on each VISN of basing VERA allocation of three patient categories rather than the several subcategories that comprise the routine/higher reliance and complex/expensive categories?; (2) How much of the variation in resource utilization across VISNs is attributable to differences in patient populations compared to differences in practice patterns or other factors such as the availability of community resources?; (3) To what extent is using a single complex care category associated with undesirable effects in terms of patient outcomes or access?

Methods:

The methods for the six analytic tasks are described separately in the final report. In general, the research teams hypothesized relationships of VA resource use to patient characteristics, VISN characteristics or the incentives in the VERA methodology and examined VA administrative claims data for specific conditions or types of care in order to address the analytic questions.

Findings/Results:

Redefining patient categories within the two major budget groups (Basic and Complex Care), reallocates only 2.8% to 3.3% of the total medical care budget of \$16 million. Analyses show that patient case mix and age vary across VISNs. Specific types of conditions (e.g., HIV and AIDS) are more heavily concentrated in certain VISNs. Some of these concentrations are recognized by the current VERA system. On average, VISNs make money on complex care patients and lose money on basic care patients. In general, patient characteristics are very significant explanatory factors of variation in lengths of inpatient stay or annual estimated costs at the patient level, but explain relatively little of the observed differences in these measures across VISNs. With respect to the movement of VHA's budget to VISNs where the GAO reported that "long-standing regional funding imbalances had impeded veterans' equitable access to service" (primarily the South and West), the changes in the budget and the changes in the number of patients are not highly correlated (correlation coefficient = 0.33).

Impact:

This project will contribute to VA operations by providing information germane to any redesign of VA's budget allocation process. It will also provide extensive empirical results about patient severity defined in multiple ways.