VA EXTENDED CARE:
January 2003 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 (Millennium Act). 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 VA to submit a report to Congress by January 1, 2003, on VA’s experience under the extended care provisions of the Act. The current report is an update to the January 2003 Report to Congress.

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.
✓ recommend whether the provisions of this section should be extended or made permanent, and what modifications, if any should be made to the provisions.


1. Key Findings - General

To date, there is evidence of, at most, only small changes in VA long-term care (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 FY2002.
• Changes in the numbers of patients and the average daily census of programs reflect trends in VA programs that preceded passage of the Millennium Act along with changes in the veteran population.
• More than 1 in 25 VA patients received VA LTC in FY2002. This proportion is lower than in FY2001 because the growth in the number of all VA patients exceeded the growth in LTC programs.
• From FY1998-FY2002, the proportion of patients with service-connected (SC) disability rating of 70% or greater increased for all LTC patients and inpatients. The proportion for outpatients declined slightly (from 15% to 14%). Although the number of patients with this rating increased, the number of all patients in these programs increased more.
2. Report on Key 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.

Trends in Veterans Served and Access

- The total number of VA patients receiving VA LTC has increased 23% since FY1998, primarily through the continued growth of outpatient programs.

- From FY1998 to FY2002, the number of VA LTC patients treated in inpatient settings grew by 6%, while the number of outpatients grew by 22%.

- The majority of patients receiving LTC services are treated in outpatient settings.

- Although the total number of VA LTC inpatients grew, the average daily census (ADC) declined for all but two small inpatient programs.

- ADC in VA nursing homes declined by 12% due to shorter lengths of stay, not fewer patients treated.

- ADC’s declined by between 20% and 50% for six out of the seven outpatient programs. ADC for Home Based Primary Care (HBPC) increased by approximately 3%.

Costs/FTEE/Utilization

- Between FY1998 and FY2002, the budget for VA LTC programs grew by $400 million (approximately $100 million each year), and accounts for an estimated 9% of the national VA medical care budget. This proportion is the same as in FY2001, which was re-estimated for this report using more current data than was available for the previous report.

- Full-time equivalent employees increased for nursing home care units (NHCU) and outpatient LTC programs, reflecting growth in patient numbers and/or changes in acuity.

Quality of Care in VA LTC Programs

- From 1998-2001 (the most current year available), risk-adjusted mortality rates declined at significant rates (from 1%- 2%) in Contract Nursing Home,
Skilled Home Care, HBPC, Community Residential Care (CRC) and Geriatric Clinic programs.

- During this same time period risk-adjusted mortality increased in the NHCU (2%).
- From 1998-2001, risk-adjusted preventable hospitalization rates declined at significant rates (from 1%-4%) in NHCU, GEM units in nursing home units, Contract Nursing Homes, HBPC, CRC and Geriatric Clinic programs.

Satisfaction with Care

- From FY1997 through FY2001 (the most current year available), approximately 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, VA has issued directives on the new eligibility requirements, the new and expanded program types, and co-payments to guide implementation of the Act.

Forecasting Trends in the Absence of the Millennium Act Through Fiscal Year 2002

- The Millennium Act requires VA to compare costs incurred under the extended care provisions of the Millennium Act and costs that would have been incurred if these provisions had not been enacted.
- The available evidence suggests that, at least through FY2002, the Millennium Act has had little effect on the intensity of utilization of LTC services delivered to VA patients.
- For male veterans younger than 75, the FY2002 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. The effect is difficult to quantify but could be as large as 16%.
- The impact on cost would arise primarily from the increase in LTC participation in patients aged 75 or older. That impact could be as high as $245 million annually by FY2002, equivalent to 5% of total VA medical care costs for all LTC patients.
3. Supplemental Analyses

This report includes four supplemental analyses. Below are highlights from each of the four sections.

VA Patient-Level Costs (Expenditures) For Long-Term Care Patient

- 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.

- VA LTC patients receive both acute and long-term care. On average, their LTC services account for about 40% of VA’s total expenditures for their care.

- In FY2001, average total expenditures for LTC patients was $30,838. Average total LTC expenditures for LTC patients was $13,023.

- Each year, about 70% of the expenditures for inpatient care services for VA LTC patients and about 65% of total LTC expenditures were for VA nursing home care.

VA Long-Term Care VA Patients’ Medicare and Medicaid Costs (Expenditures)

- Almost 70% of VA LTC patients are enrolled in Medicare; 14.4%, in Medicaid.

- About 40% of VA LTC patients have some Medicare fee-for-service utilization; about 11.4% have some Medicaid utilization.

- Medicare services account for 10% to 12% of medical services for VA LTC patients.

- Medicaid services accounted for 1-2% of medical services for VA LTC patients.

VA Patients’ Utilization of Medicare-Financed Long-Term Care

- About 117,000 VA patients used either Medicare-financed home health care (67%), skilled nursing facility services (17%) or both (16%).

- Among VA patients who used Medicare LTC services, those who used VA LTC tended to have a higher SC percentage.

- Among VA Medicare beneficiaries, 91% of VA or contract nursing home care patients used no Medicare skilled nursing facility days; only 1% used 100 or more days.
• 18% of patients who used VA home-based primary care or contract home care also used Medicare home health services. They had more (58 vs. 41) Medicare home health visits than other VA patients.

**Hospice and Palliative Care for VA Patients**

• In FY2002, 8,738 VA patients were identified as receiving any Hospice and Palliative Care (HPC) service within VA. This is in addition to the 927 patients identified as receiving contract hospice services.

• At least 62% of patients identified as receiving HPC services in FY2002 died that year.

• Of all VA patients who died inpatient at the VA in FY2002, 17% (4,706) received HPC services.

• In FY1999, 29,923 VA enrollees received Medicare Hospice services. Of these 16,280 (54%) also received VA services during FY1999.