



Do Veterans Have Choices in How They Access Health Care?

Introduction

On June 6, 2018, the President signed into law the VA MISSION Act of 2018 (P.L. 115-182, as amended). Among other things, the act established a new Veterans Community Care Program (VCCP). Under VCCP, all veteran enrollees would be eligible for hospital care, medical services, and extended care services, in the community, provided they meet one of the six criteria stipulated in the law (38 U.S.C. §1703 and 38 C.F.R. §17.4000), at the Department of Veterans Affairs (VA), Veterans Health Administration’s (VHA) expense. Because of these policies, the VA expects enrollees to get more of their care through VHA rather than relying on other federal and private health care sources (2021 Congressional Budget Submission, vol. II, p. VHA-268, and *Economic Regulatory Impact Analysis for Veterans Community Care Program*, p. 9). Therefore, it is important to understand how veterans currently receive care from the VHA and other sources of health care, such as Medicare and private insurance.

VA Health Care Is Not Health Insurance

Compared with the predominant health care delivery model in the United States—where there is a payer (e.g., Medicare or private health insurance), a provider (e.g., hospital, physician), and a recipient of care (the patient)—the VA is a very different model of care. In general, private health insurance plans charge premiums from beneficiaries for enrolling in those plans. Furthermore, most private health insurance plans have cost-sharing requirements (that is the amount that beneficiaries are required to pay out of pocket when they use health care services). These could include deductibles (the amount a beneficiary must pay out of pocket before the insurance plan begins paying for services), coinsurance (a specified percentage a beneficiary pays out of pocket to providers after meeting any deductible requirements), or copayments (a fixed amount paid for a health care service, at the time of service). In contrast, VA is primarily a direct provider of care funded through annual discretionary appropriations—although VHA does pay for care in the community under certain circumstances (38 U.S.C. §§1703; 1720; 1725; 1725A; 1728). In addition, in the VHA system, enrolled veterans do not pay any premiums, deductibles, or coinsurance. Furthermore, generally not all veterans are eligible to enroll in the VA health care system; the system is neither designed nor funded to care for all living veterans (*The Journal of Law, Medicine & Ethics*, vol. 36, issue 4, winter 2008, p. 680).

Veterans Out of Pocket Costs

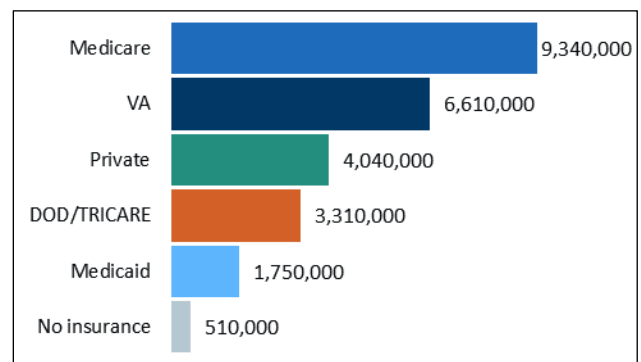
Some veterans are charged copayments based on their priority categories. VA is required (38 U.S.C. §1705) to manage an enrollment system with eight priority categories, with Priority Category 1 being the highest priority for enrollment. Generally, veterans who have been rated with a service-connected disability of 50% or more (Priority

Category 1) do not pay any copays for both service-connected and nonservice-connected care. Veterans in Priority Categories 1 through 5 are not required to pay inpatient or outpatient copayments. Nonservice-connected care veterans (who are required to pay) have a copayment for primary and specialty care visits. In addition, for outpatient medications for nonservice-connected care, there is a tiered pharmacy copayments methodology (see CRS Report R42747, *Health Care for Veterans: Answers to Frequently Asked Questions*). According to VHA, the average annual out-of-pocket costs for veterans receiving care through VHA across all priority categories with copays (for outpatient, inpatient, medication, long-term care, and community care) was \$279.94 in FY2019, and ranged from \$155.28 for Priority Category 2 veterans to \$367.84 for Priority Category 8 veterans.

Veterans with Other Health Coverage

Veterans can have multiple forms of health care coverage (i.e., veterans with Medicare may also be covered by Medicaid). According to an analysis done by VHA of the American Community Survey (ACS) data for 2018, of the approximately 17.96 million veterans identified, approximately 9.34 million reported having coverage through Medicare, about 6.61 million had care through the VHA, about 4.04 million had coverage through private health insurance plans (includes those covered by the Indian Health Service), and about 3.31 million veterans had care through the Department of Defense (DOD) TRICARE program (TRICARE and TRICARE for Life—veterans are eligible for TRICARE if they served for at least 20 years in the military; veterans are eligible for TRICARE for Life if they qualify for Medicare and it is available as a wraparound coverage for costs not covered by Medicare). Approximately 510,000 veterans did not have health insurance coverage (see **Figure 1**).

Figure 1. Sources of Health Coverage Among U.S. Veterans

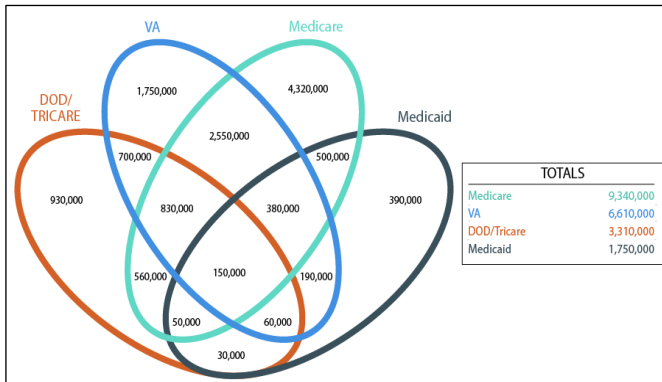


Source: Figure adapted by CRS based on VHA analysis of 2018 American Community Survey (ACS) data.

Notes: Totals do not add up to 17.96 million because a veteran may have more than one kind of coverage. Persons covered by two or

more programs are included in the count of each program through which they have coverage. The Census Bureau classifies health insurance coverage as private health insurance or public coverage. “Private health insurance is a plan provided through an employer or union, a plan purchased by an individual from a private company, or TRICARE or other military health care.” Public health coverage is classified as including “federal programs Medicare, Medicaid, and VA Health Care (provided through the Department of Veterans Affairs).” Source: *American Community Survey and Puerto Rico Community Survey 2018 Subject Definitions*, pp. 72-73.

Figure 2. Veterans Interacting with Other Health Coverage



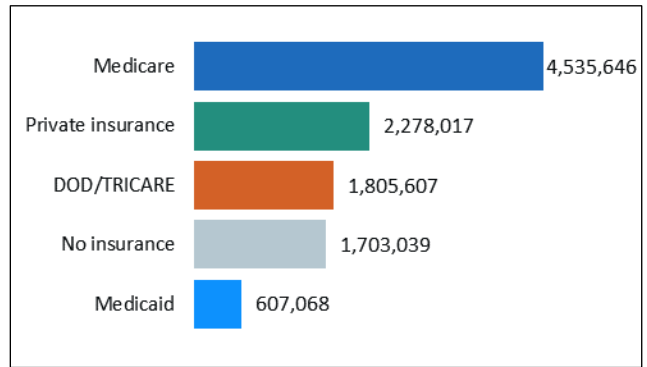
Source: Figure adapted by CRS based on VHA analysis of 2018 American Community Survey (ACS) data.

Notes: Figure excludes private insurance (4.04 million) or no health insurance (510,000). Also see note in **Figure 1**.

Based on VHA analysis of ACS data, many veterans who have health care coverage also qualify for other health care coverage. **Figure 2** depicts veterans’ interaction with VA, Medicare, Medicaid, and TRICARE. As shown in **Figure 2**, some veterans could have double or triple health care coverage options. For instance, a veteran could have TRICARE for Life, be enrolled in the VA health care system, and be enrolled in Medicare because of eligibility at age 65 (individuals could qualify for Medicare at age 65 or with certain disabilities if under age 65). Here, 830,000 veterans have all three sources of coverage (**Figure 2**).

VHA also annually conducts a national survey of veterans who are enrolled in VA’s health care system (VA Enrollee Survey). Based on the 2019 survey results (**Figure 3**), veteran enrollees have many health care coverage options in addition to the VA health care, including Medicare, Medicaid, TRICARE, and private insurance. Nevertheless, some enrollees (1.7 million) reported having no other public or private insurance coverage. This could indicate that they were solely relying on VA for their health care.

Figure 3. VHA Enrollees with Medicare, Medicaid, TRICARE and Private Health Insurance



Source: Figure prepared by CRS based on VHA analysis of 2019 Survey of Veteran Enrollees’ Health and Use of Health Care, March, 2020, data; weighted population of veteran enrollees= 8,704,243 enrollees.

Notes: Totals do not add up to 8.7 million enrollees. Veteran enrollees who are covered by two or more programs may be included in the count of each program through which they have coverage. Therefore the total number of those with coverage across all programs is greater than the approximately 8.7 million total unique veteran enrollees covered through these programs. “No insurance” means no other form of private or public coverage other than VA health care.

Limitations

The above data should be interpreted with caution. First, there are differences in the definitions of veterans between the VA Enrollee Survey and the ACS. Second, these are self-reported survey data and not based on exact matching of administrative data, which could result in under- or over-estimates of certain populations. Third, the ACS and VA Enrollee Survey estimates may differ from administrative data, and from each other, because they are based on samples and not the entire VA enrollee population.

Concluding Observations

- While some veterans may have double or triple health care coverage options, other veterans may rely solely on the VA health care system, such as the 1.75 million veterans (**Figure 2**)—the VA serves as a safety-net provider for these veterans. Approximately 510,000 veterans report having no form of public or private coverage.
- External factors such as loss of employer-sponsored private health insurance or state-level expansions of Medicaid or an increase in out of pocket costs of private insurance plans may influence veterans’ reliance on the VHA.
- Veterans using multiple health care programs (VA, private health insurance, Medicare, and Medicaid) as well as community care treatment authorized under VCCP could increase care-coordination problems between VA and non-VA providers.

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