

May 1989

VA HEALTH CARE

Veterans' Demand for Outpatient Care



Human Resources Division

B-235315

May 31, 1989

The Honorable Alan Cranston, Chairman
The Honorable Frank H. Murkowski, Ranking
Minority Member
Committee on Veterans' Affairs
United States Senate

The Honorable G. V. Montgomery, Chairman
The Honorable Bob Stump, Ranking
Minority Member
Committee on Veterans' Affairs
House of Representatives

In a March 18, 1988, letter, you asked us to assess the demand of category A veterans for outpatient medical care at clinics operated by the Department of Veterans Affairs (VA), formerly the Veterans Administration. This category includes veterans who were disabled in military service (service-connected) as well as those who were not. The latter group generally includes veterans who have incomes below specified levels. As agreed with your offices, we estimated (1) how many veterans could have been classified as category A in fiscal year 1986 and (2) how many of the total visits to VA clinics were made by category A veterans during that year. We also assessed how the estimated usage rate of category A veterans with service-connected disabilities compared to the estimated rate for category A veterans without such disabilities.

Background

VA operates 235 clinics, which provide veterans a wide range of medical care, including services needed to (1) prepare for a hospital admission, (2) obviate the need for a hospital admission, or (3) complete treatment begun during a hospital stay. Care is offered in over 70 medical specialty areas, including surgery, radiation therapy, allergy immunology, optometry, and alcohol and drug dependence treatment.

The Veterans' Health-Care Amendments of 1986 (Public Law 99-272, title XIX) established three categories of veterans' eligibility for medical care. One category, referred to as category A, includes veterans who have (1) incurred or aggravated a disease, injury, or other physical or mental impairment during military service (service-connected disability); (2) a special status (such as former prisoners of war or World War I veterans); or (3) incomes below a specified level. Other veterans who

have incomes above the category A threshold would be in one of the other two categories, referred to as B and C.¹

VA generally uses the categories to establish veterans' priority for care. Category A veterans have the highest priority for care; category B veterans have next highest; and category C veterans have the lowest. Within category A, veterans with service-connected disabilities have higher priority for care than those without such disabilities.

VA estimates that there are about 27.4 million veterans, but does not know how many veterans qualify for category A at a given time. VA determines a veteran's eligibility category for medical care only when he or she applies for care at a VA facility. In addition, VA knows how many veterans receive benefit payments for service-connected disabilities; these veterans would be classified as category A if they applied for care. However, VA does not have such data on other veterans who would be category A but have not applied for care; for example, those with incomes below the category A threshold.

Methodology

To estimate the number of category A veterans nationwide, we used data from VA, the Census Bureau's Current Population Survey for 1986, and its Veterans Supplement to the Current Population Survey. To estimate the number of visits made by category A veterans to VA clinics and the usage rates for those veterans with and without service-connected disabilities, we used VA data and the Department of Health and Human Services' National Health Interview Survey for 1986—the latest survey available when we started our work. The survey had data on the number of physician contacts that persons with ages and incomes similar to category A veterans would have been expected to make in 1986. Appendixes I and II discuss the methodology we used to make these estimates.

Results in Brief

We estimate that 9.2 million veterans could have been classified as category A during fiscal year 1986 and that such veterans made about 16.6 million outpatient visits to VA clinics. Category A veterans with service-connected disabilities had a higher level of usage (an average of 2.2 visits per eligible veteran) than those without such disabilities (1.5 visits).

¹In fiscal year 1986, the income thresholds for a veteran with one dependent were: category A, less than \$18,000; category B, \$18,000 to \$25,000; and category C, more than \$25,000. For each additional dependent, the threshold level is increased by \$1,000. The threshold levels are adjusted annually.

If the category A veterans without service-connected disabilities had used VA clinics at the same rate as did the veterans with service-connected disabilities, we estimate that they would have made an additional 4.5 million visits in fiscal year 1986, resulting in a total of 21.1 million visits for category A veterans in that year.

Several factors may have contributed to the lower use of VA clinics by veterans without service-connected disabilities. However, information is not available to estimate the extent to which these factors contributed to the difference.

Estimated Number of Category A Veterans

We estimate that 9.2 million veterans could have been classified as category A in 1986. Most of these veterans were category A because they had a service-connected disability or met the income criteria. VA estimated that about 3.7 million veterans had service-connected disabilities. Based on the Census Bureau's income and family data, we estimate that 5.1 million veterans had incomes below the category A threshold level. Table 1 shows the estimated number of category A veterans by major eligibility group.²

Table 1: Estimated Number of Category A Veterans (Fiscal Year 1986)

Eligibility groups	Number of veterans
Veterans with service-connected disabilities	3,693,000
Veterans without service-connected disabilities:	
Former prisoners of war	85,000
World War I	317,000
Income-eligible	5,104,000
Total	9,199,000

Estimated Number of Visits by Category A Veterans in Fiscal Year 1986

We estimate that category A veterans made about 16.6 million visits to VA clinics during fiscal year 1986. The actual number of visits attributable to category A veterans is not known for fiscal year 1986 because the new eligibility categories (A, B, and C) were first used in the last quarter of that year. However, VA reported that category A veterans accounted for 95 percent of care provided during fiscal year 1987. We arrived at

²Public Law 99-272 includes veterans who may have been exposed to Agent Orange or ionizing radiation in category A for medical care related to such exposure. The veterans who may have been exposed to such substances are not included in our estimate because of their limited eligibility for care; that is, they can not receive care for the same types of conditions as other category A veterans (see app. I).

our estimate of 16.6 million visits³ by applying this percentage to the total 17.6 million⁴ outpatient visits VA reported veterans made to its clinics in fiscal year 1986.

In 1986, category A veterans without service-connected disabilities, on average, had fewer visits than veterans with service-connected disabilities. Table 2 shows the estimated number of outpatient visits that each group of veterans made to VA clinics.

Table 2: Estimated Number of Outpatient Visits (Fiscal Year 1986)

Category A	Number of veteran (millions)	Number of visits (millions)	Average visits per veteran
Veterans with service-connected disabilities	3.7	8.2	2.2
Veterans without service-connected disabilities	5.5	8.4	1.5
Total	9.2	16.6	

If category A veterans without service-connected disabilities had used VA clinics at the same rate as did veterans with service-connected disabilities, they would have made an additional estimated 4.5 million outpatient visits in fiscal year 1986. Our estimate takes into account the age and income profiles of the two groups of veterans.

Several factors might explain the disparity in usage between the two groups, although we have no basis on which to estimate quantitatively the extent to which these factors contributed. One important factor that might explain some of the disparity may be a greater awareness of VA as a source of health care by veterans with service-connected disabilities. These veterans would have had contacts with VA health-care facilities when establishing their disability status. In contrast, many of the other category A veterans might not have had any contact with VA health-care facilities.

Another important factor may be a perception by veterans without service-connected disabilities that they would not receive treatment if they went to a VA clinic. When VA resources cannot serve everyone, veterans with service-connected disabilities are given higher priority for

³This estimate excludes 128,000 outpatient visits for conditions possibly related to Agent Orange and ionizing radiation.

⁴VA also reported (1) 1.7 million fee-basis visits for certain veterans that received services from private physicians under VA authorization and (2) 825,000 visits for nonveterans that received care at VA clinics.

care than other veterans. Thus, veterans without service-connected disabilities are more likely to have encountered difficulties or experienced delays in obtaining outpatient care at busy VA facilities than veterans with such disabilities.

Finally, some of the disparity in usage may be related to the fact that veterans with service-connected disabilities may have a greater overall need for outpatient medical care than do nondisabled category A veterans of similar age and income. Because of their disabilities, they are eligible to receive some care that the other category A veterans would not be eligible for. For example, veterans with service-connected disabilities are eligible to receive all needed care that is related to that disability, including care for chronic stable conditions; other veterans are not eligible for such care.

Agency Comments

VA reviewed a copy of the draft report and had no comments (see app. III).

We are sending copies of this report to the Secretary of Veterans Affairs, the Director of the Office of Management and Budget, and other interested parties. Copies also will be made available to others on request.

This report was prepared under the direction of David P. Baine, Director of Federal Health Care Delivery Issues. Other major contributors are listed in appendix IV.

for Edward A. Blensmore
Lawrence H. Thompson
Assistant Comptroller General

Contents

Letter		1
Appendix I		8
Estimating the	Service-Connected Disability	8
Number of Category A	Prisoners of War	8
Veterans	World War I	8
	Income-Eligible	9
	Ionizing Radiation	10
	Agent Orange	10
Appendix II		11
Estimating the		
Number of Outpatient		
Visits by Category A		
Veterans		
Appendix III		13
Comments From the		
Department of		
Veterans Affairs		
Appendix IV		14
Major Contributors to		
This Report		
Tables		
	Table 1: Estimated Number of Category A Veterans (Fiscal Year 1986)	3
	Table 2: Estimated Number of Outpatient Visits (Fiscal Year 1986)	4

Abbreviation

VA Department of Veterans Affairs

Estimating the Number of Category A Veterans

The Veterans' Health-Care Amendments of 1986 established category A eligibility for medical care. Category A included any veteran who

- has a service-connected disability;
- is a former prisoner of war;
- served during the Spanish-American War, the Mexican Border Period, or World War I;
- may have been exposed to Agent Orange or other toxic substances during military service in Vietnam;
- may have been exposed while on active duty to ionizing radiation from nuclear testing or participation in the American occupation of Hiroshima or Nagasaki, Japan;
- has family income lower than (1) \$15,000 if the veteran has no dependents or (2) \$18,000 if the veteran has one dependent, plus \$1,000 for each additional dependent; or
- is eligible for Medicaid or receiving Department of Veterans Affairs (VA) pension benefits.

The following sections describe how we estimated the number of veterans in each of the category A groups and what steps we took to avoid double counting veterans among the groups.

Service-Connected Disability

This group consists of veterans who incurred or aggravated a disease, injury, or other physical or mental impairment as a result of military service, as determined by VA through its disability determination process. We used VA's estimate of 3,693,000 veterans. VA records show that 2.2 million veterans received compensation payments for service-connected disabilities in fiscal year 1986. In addition, VA's Office of Information Management and Statistics estimated that about 1.5 million veterans who had service-connected disabilities were not receiving compensation payments or had opted to receive VA pension payments in lieu of compensation.

Prisoners of War

This group consists of veterans without service-connected disabilities who were former prisoners of war. We used VA's estimate of 85,000 veterans.

World War I

This group consists of veterans without service-connected disabilities who served in the military during World War I. We used the Census Bureau's April 1985 Veterans Supplement data to estimate that there

were 317,000 veterans in this group. We used the supplement's data to exclude from this group veterans who (1) had service-connected disabilities or (2) were formerly prisoners of war.

Income-Eligible

This group consists of veterans who are not included in any of the above groups and whose family income does not exceed the category A threshold level. We used the Census Bureau's March 1986 Current Population Survey data to estimate that 5,104,000 veterans had incomes and assets below the threshold levels. This estimate includes veterans receiving Medicaid or VA pensions because the income levels for either of these programs were lower than the category A threshold. We used the Veterans Supplement's data to exclude from this group veterans who (1) had service-connected disabilities, (2) were formerly prisoners of war, or (3) served during World War I.

Veterans who are not in one of the special status groups, such as service-connected or prisoners of war, are classified as category A, B, or C based on an income-based means test when they apply for medical care. At that time, they are required to complete a financial work sheet disclosing family income, assets, debts, and number of dependents. By law, the veteran's category is determined based on the income earned the previous year. For example, a veteran with one dependent who applied for medical care in 1986 would be placed in category A if in 1985, he or she had (1) a family income of less than \$18,000 and (2) a net worth of \$40,000 or less.

For 1986, the Current Population Survey estimated the total number of veterans, their ages, 1985 family income, and number of dependents. Using these data, we estimated the number of veterans who on the basis of family income might have been placed in category A in 1986.

The Current Population Survey did not collect data on the amount of financial assets that veterans possessed. Therefore, for veterans who appeared to qualify for category A status based on income alone, we estimated the value of their financial assets. We did this to determine how many would still be in category A after their assets were added to their income. If the veteran's income plus assets exceeded \$40,000, we excluded them from category A. We estimated the value of a veteran's assets based on the amount of his or her family's interest income as shown in the Current Population Survey. In making these estimates, we assumed an interest rate, or rate of return, of 10 percent and calculated the value of the financial assets that would have been necessary for the

veteran to hold throughout the year in order to produce the reported amount of interest. After making these estimates, we calculated the number of veterans who on the basis of income plus interest-producing assets, would have been at or below the \$40,000 limit for inclusion in category A.

Ionizing Radiation

This group consists of veterans who may have been exposed to ionizing radiation from participating in nuclear tests or in the American occupation of Hiroshima or Nagasaki, Japan. We estimate that this group includes about 231,000 veterans without service-connected disabilities who had incomes above the category A threshold. Category A eligibility for outpatient care for these veterans is restricted to medical conditions related to the exposure of ionizing radiation rather than for medical care that other category A veterans are generally eligible for (pre- and post-hospital care or care needed to obviate the need for hospitalization). Because of this limited eligibility, we did not include the 231,000 veterans in our estimate of the total number of category A veterans. However, veterans who may have been exposed to ionizing radiation and who met the category A income threshold were included in our income-eligible group.

Agent Orange

This group consists of veterans who served in Vietnam and may have been exposed to Agent Orange or other toxic substances. Using data from the Veterans Supplement, we estimate that this group includes about 2.2 million veterans without service-connected disabilities who had incomes above the category A threshold. Category A eligibility for outpatient care for these veterans is restricted to medical conditions related to the exposure to Agent Orange rather than for medical care that other category A veterans are generally eligible for. Because of this limited eligibility, we did not include the 2.2 million in our estimate of category A veterans. However, veterans who may have been exposed to such substances and who met the category A income threshold were included in our income-eligible group.

Estimating the Number of Outpatient Visits by Category A Veterans

Category A veterans made an estimated 16.6 million outpatient visits to VA clinics in 1986. According to VA records, veterans with service-connected disabilities made about 8.2 million outpatient visits; therefore, category A veterans without service-connected disabilities (former prisoners of war, World War I, and income-eligible) made the remaining 8.4 million visits. As a group, veterans without service-connected disabilities (5.5 million) had an average usage rate of 1.5 visits, while the service-connected disabled group (3.7 million) had an average usage rate of 2.2 visits. The following paragraphs discuss the four steps we used to estimate the additional outpatient visits that category A veterans without service-connected disabilities would have made if they had used VA clinics at the same rate as did veterans with service-connected disabilities in fiscal year 1986.

First, we estimated the total number of physician contacts that each group could have been expected to make in 1986. To estimate this number, we used data gathered by the Department of Health and Human Services' National Health Interview Survey. The Department surveys the civilian noninstitutionalized population in the United States and presents estimates of health characteristics and behaviors. Estimates of these characteristics and behaviors are tabulated by various groups in the population, including those defined by age, sex, and family income. The survey reports data on the number of physician contacts they had at either a physician's office or a hospital on an outpatient basis in the past year.

Second, for veterans with service-connected disabilities, we calculated the quantitative relationship between their actual VA outpatient visits and their total expected physician contacts in 1986. The resulting ratio was 410 outpatient visits to 1,000 physician contacts.

Third, we estimated the total number of visits that category A veterans without service-connected disabilities would have made to VA clinics in 1986 if the quantitative relationship between their outpatient visits and their total expected physician contacts had been the same as that for veterans with service-connected disabilities in that year. To do this, we multiplied the estimated total number of physician contacts that these veterans would have been expected to make in 1986 by 0.41, resulting in an estimated 12.9 million VA outpatient visits.

Finally, we subtracted the estimated number of VA outpatient visits made by category A veterans without service-connected disabilities, 8.4 million, from our estimated number of potential visits, 12.9 million. This

**Appendix II
Estimating the Number of Outpatient Visits
by Category A Veterans**

difference of 4.5 million visits represents additional visits from these veterans if they had used VA clinics at the same rate as did veterans with service-connected disabilities in fiscal year 1986.

Comments From the Department of Veterans Affairs

Office of the
Administrator
of Veterans Affairs

Washington DC 20420



APR 28 1989

Mr. Lawrence H. Thompson
Assistant Comptroller General
Human Resources Division
U.S. General Accounting Office
Washington, DC 20548

Dear Mr. Thompson:

This letter responds to your request that the Department of Veterans Affairs (VA) review and comment on the General Accounting Office (GAO) March 31, 1989, draft report VA HEALTH CARE: Veterans' Demand for Outpatient Care. Your review sought to assess the demand for outpatient medical care by Category A veterans at VA clinics. This category includes veterans who have (1) incurred or aggravated a disease, injury, or other physical or mental impairment during military service; (2) a special status such as former prisoners of war or World War I veterans; or (3) incomes below a specified level.

GAO did not make any recommendations. Your report estimates that 9.2 million veterans could have been classified as Category A during Fiscal Year 1986 and that these veterans made about 16.6 million outpatient visits to VA clinics.

We appreciate the opportunity to review the draft report. We have no comments.

Sincerely yours,

A handwritten signature in dark ink, appearing to read 'Edward J. Derwinski', written in a cursive style.

Edward J. Derwinski
Secretary

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