



Highlights of [GAO-06-333T](#), a testimony before the Committee on Veterans' Affairs, U.S. Senate

VA LONG-TERM CARE

Trends and Planning Challenges in Providing Nursing Home Care to Veterans

Why GAO Did This Study

The Department of Veterans Affairs (VA) operates a nursing home program that provides or pays for veterans' care in three nursing home settings: VA-operated nursing homes, community nursing homes, and state veterans' nursing homes. In addition, veterans needing nursing home care may also receive it from non-VA providers that are not funded by VA. VA is faced with a large elderly veteran population, many of whom may be in need of nursing home care. In 2004, 38 percent of the nation's veteran population was over the age of 65, compared with 12 percent of the general population. The Veterans Millennium Health Care and Benefits Act (Millennium Act) of 1999 and VA policy require that VA provide nursing home care to certain veterans.

This statement focuses on VA's nursing home program and trends in nursing home expenditures, trends in the number of patients served, or "patient workload," and key challenges VA faces in planning for nursing home care for veterans.

To examine these trends, GAO updated information from prior work with spending and patient workload data for fiscal year 2005 that VA provided. In a November 2004 report, GAO presented spending and patient workload data through fiscal year 2003. GAO discussed the updated information with VA and incorporated comments as appropriate.

www.gao.gov/cgi-bin/getrpt?GAO-06-333T.

To view the full product, including the scope and methodology, click on the link above. For more information, contact Laurie E. Ekstrand at (202) 512-7101 or ekstrandl@gao.gov.

What GAO Found

VA's reported overall nursing home care expenditures in its three settings increased from \$2.3 billion to almost \$3.2 billion from fiscal year 2003 through fiscal year 2005. VA officials attributed the expenditure increase from fiscal year 2003 to fiscal year 2005, in part, to a change in the cost accounting system used to develop expenditure totals for each nursing home setting. Based on VA's reported expenditures, VA-operated nursing homes continued to account for about three-quarters of VA's overall nursing home care expenditures in fiscal year 2005, as they did in fiscal year 2003. In fiscal year 2005, 77 percent of nursing home care expenditures were accounted for by VA-operated nursing homes, compared to 73 percent in 2003. VA spent the remainder on state veterans' nursing homes and community nursing homes. From fiscal year 2003 through fiscal year 2005, the percentage of overall expenditures for state veterans' nursing homes declined from 15 to 12 percent and the percentage of overall expenditures for community nursing homes declined from 12 to 11 percent.

VA's overall patient workload in nursing homes increased to an average of 34,375 patients per day by fiscal year 2005, 3.5 percent above the fiscal year 2003 workload. State veterans' nursing homes accounted for over half of VA's patient workload in fiscal year 2005. The workload percent is higher than the 12 percent expenditure in state veterans' nursing homes partly because VA pays on average about one-third of the costs for care veterans receive in state veterans' nursing homes, compared to the full cost in other settings. From fiscal year 2003 through fiscal year 2005, the percentage of workload provided in state veterans' nursing homes increased from 50 to 52 percent. In contrast, the percentage of patient workload provided in VA-operated nursing homes declined from 37 to 35 percent. The percentage of workload in community nursing homes stayed the same at 13 percent.

VA faces two key challenges in planning for the provision of nursing home care. The first challenge is estimating who will seek care from VA and what their nursing home care needs will be. This includes estimating the number of veterans that will be eligible for nursing home care, based on law and VA policy, and the extent to which these veterans will be seeking care for short-stay postacute needs or long-stay chronic needs. A second key challenge VA faces is determining whether it will maintain or increase the proportion of nursing home care demand it meets in each of the three nursing home settings or whether veterans will need to rely more on other non-VA nursing home care providers that are funded by other programs, such as Medicaid and Medicare.