# Forecasting VA Health Care Demand

Local Advisory Panel (LAP)

Public Meeting:  Lexington VAMC

May 12, 2005

# Presentation Outline

- ◆ Basic Definitions
  - – Veteran
  - – Priority Groups
- ◆ Projecting Enrollment & Veteran Population
  - – Review of National & Local Projections
- ◆ Inpatient and Outpatient Demand Model
  - – Review of National & Local Demand Forecasts

# Basic Definitions

◆ Who is a veteran?

– Title 38 definition of veteran is an active duty member who serves their tour of duty or is discharged because of a SC disability or while in training with other than dishonorable discharge.

• Reservists qualify as veterans when they are:

– called by Presidential order and are other than dishonorably discharged; or

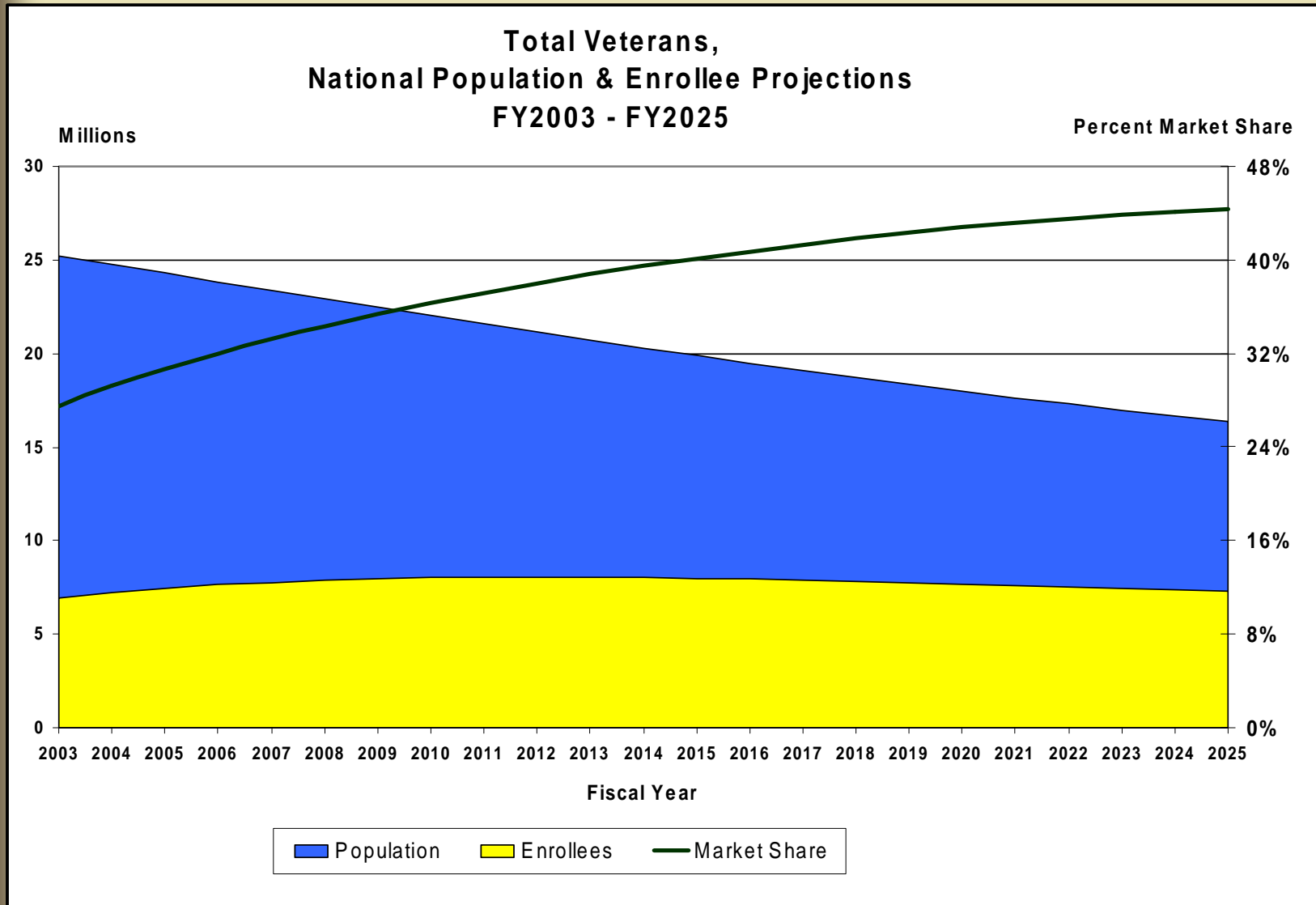– when they serve 20 year reserve commitment.

# Basic Definitions

◆ How are veterans enrolled in the VA to be eligible to receive health care benefits?

  – Veterans Health Care Eligibility Reform Act of 1996 (PL104-262) classified Enrollees by a set of priority levels

    • Priority Levels 1-6: Service connected, low income, catastrophically disabled, chemically exposed, POW's or Purple Heart

    • Priority Levels 7-8: Higher income

# Projecting Enrolled Veteran Population

- 25 Million Veterans as of FY 03
  - 7 Million Enrolled
- Enrollment is forecasted twenty years into the future by:
  - Age groups,
  - Gender,
  - Priority groups,
  - Geographic areas
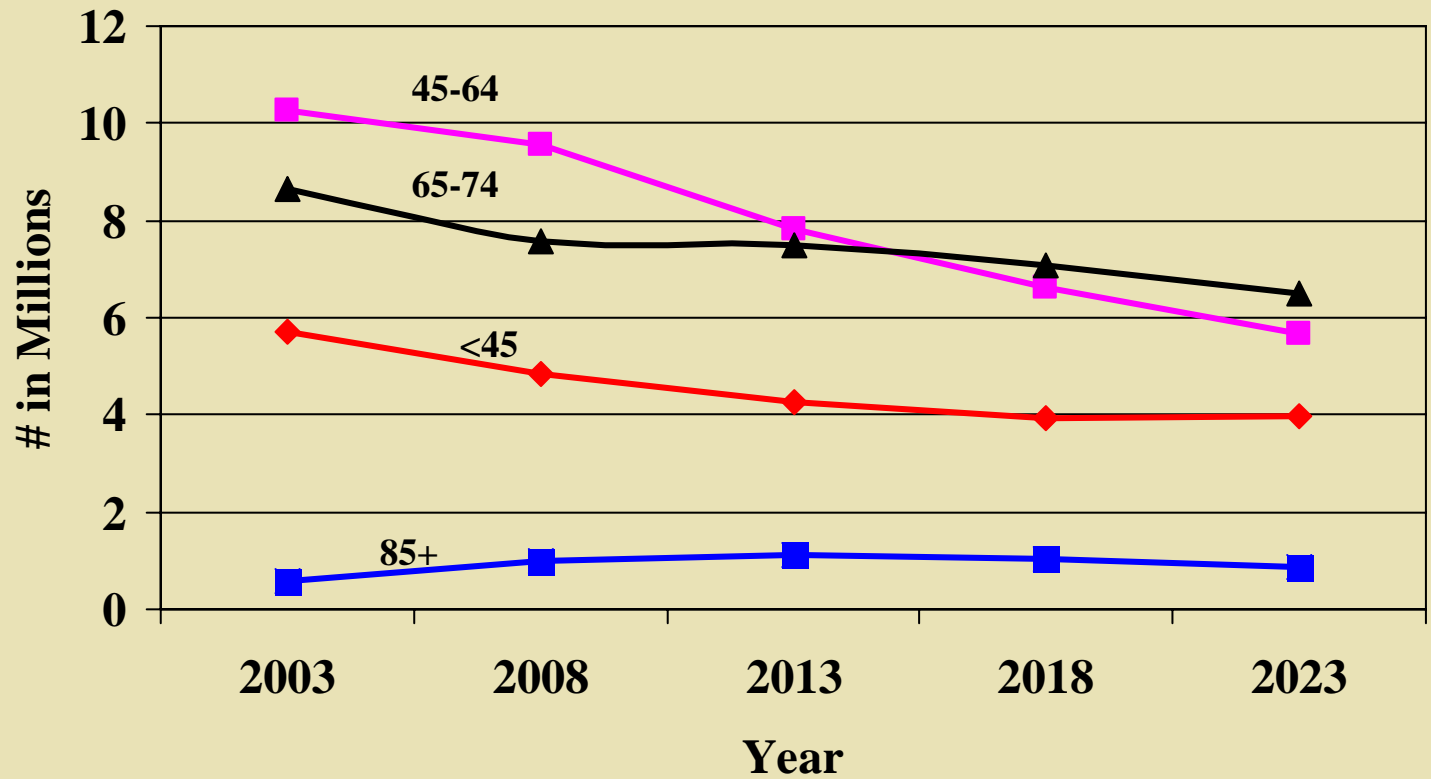
# Veteran Population & Enrollee Projection

**Total Veterans,**
**National Population & Enrollee Projections**
**FY2003 - FY2025**

Millions

Percent Market Share



Fiscal Year

Population    Enrollees    Market Share

# How good are these projections?

- 1990 model projections were off by 1% compared with actual 2000 census
- Takes into account new veterans based on DoD planned force strength; mortality rates; and migration rates
  - Assumption: No new major war
- Forecasts get weaker as we go out in time and down in level

# Veteran Population by Age Group National Level

# Inpatient and Outpatient Demand Model

◆ **Private Sector Based Services**

 – Based on private sector benchmarks that have been adjusted for the characteristics of the enrollee population and the VA health care delivery system

◆ **Starting Utilization**

 – Private Sector Benchmarks (Milliman Health Cost Guidelines)

# Major Adjustments/Considerations

- Benefit Design: Covered Benefits and Co-pay Structure

- Geographic Area

- Degree of Health Care Management

- Age/Gender

- Reliance on VA for health care

- Morbidity

- Residual Experience Differences (Actual-to-Expected)

- Other (Trends in medical care, intensity of services)

# Reliance Factor Issues

- Enrollee reliance varies …
- Enrollee preference for VA services in light of other health care options
- Supply available in VA health care system in a given geography:
  - Wait lists
  - Varying services provided at each facility
  - Geographic location of VA facilities

# Inpatient and Outpatient Demand Forecasts

◆ For CARES Business Plan Studies, forecasts are aggregated by:

  – Twenty-five Categories of Care (e.g. Cardiology)

  – Geographic Area (where the enrollees live)

  – VA Treating Facility (e.g. Waco VAMC)

# VA National Level Demand Forecasts

| Measure/Year | Inpatient Medicine Category | Primary Care Category |
|---|---|---|
| Unit of Work | Bed days of Care | Clinic Stops |
| FY 03 Actual | 2.0m | 15.6m |
| FY13 Model Projection | 2.3m | 17.7m |
| % Change FY13 – FY03 | 11% | 13% |
| FY23 Model Projection | 2.0m | 16.3m |
| % Change FY23 – FY03 | 0% | 4% |

# CARES Commission Report

- "CARES model provides a reasonable analytical approach for estimating VA enrollment, utilization and expenditures."
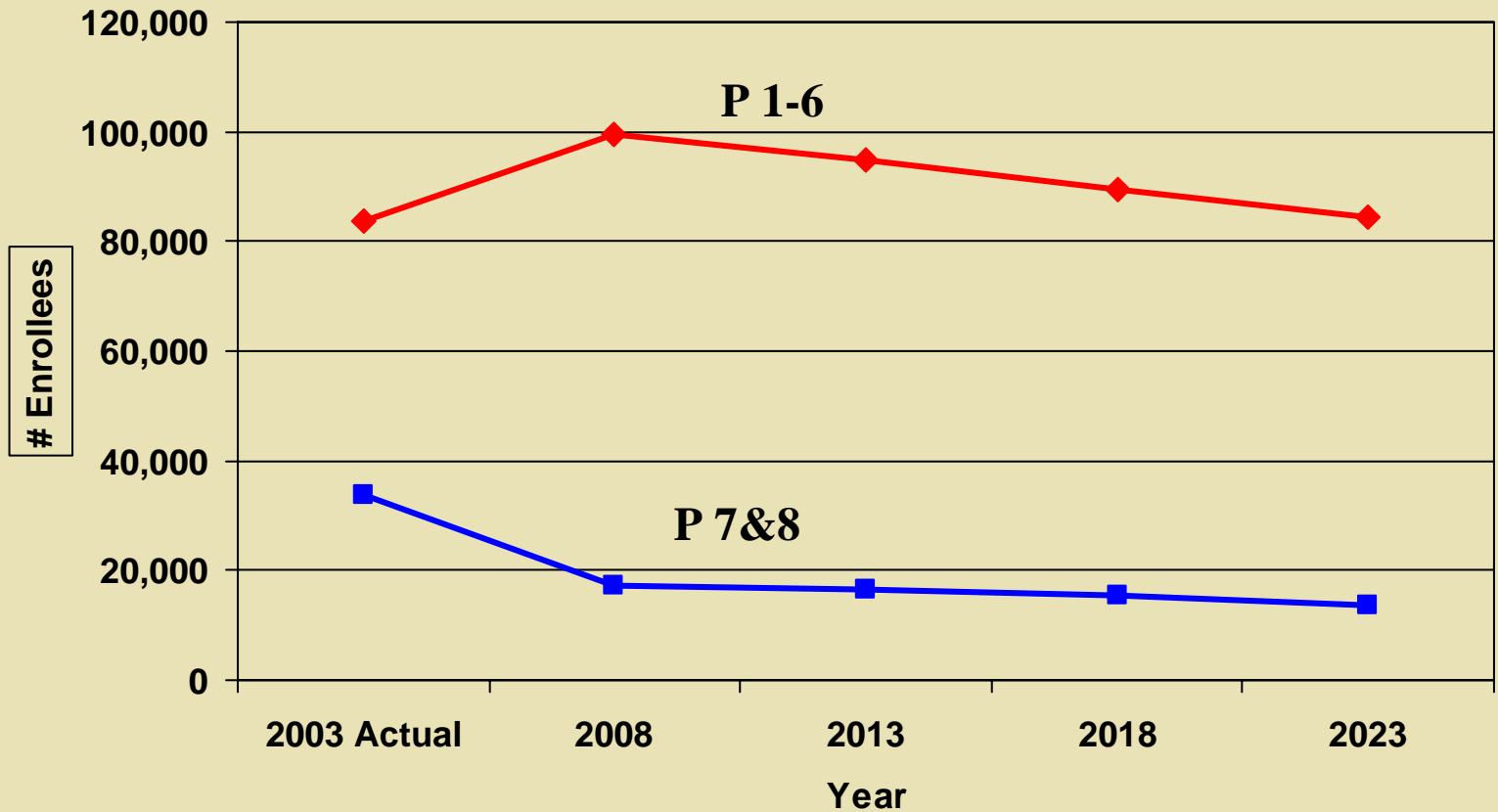
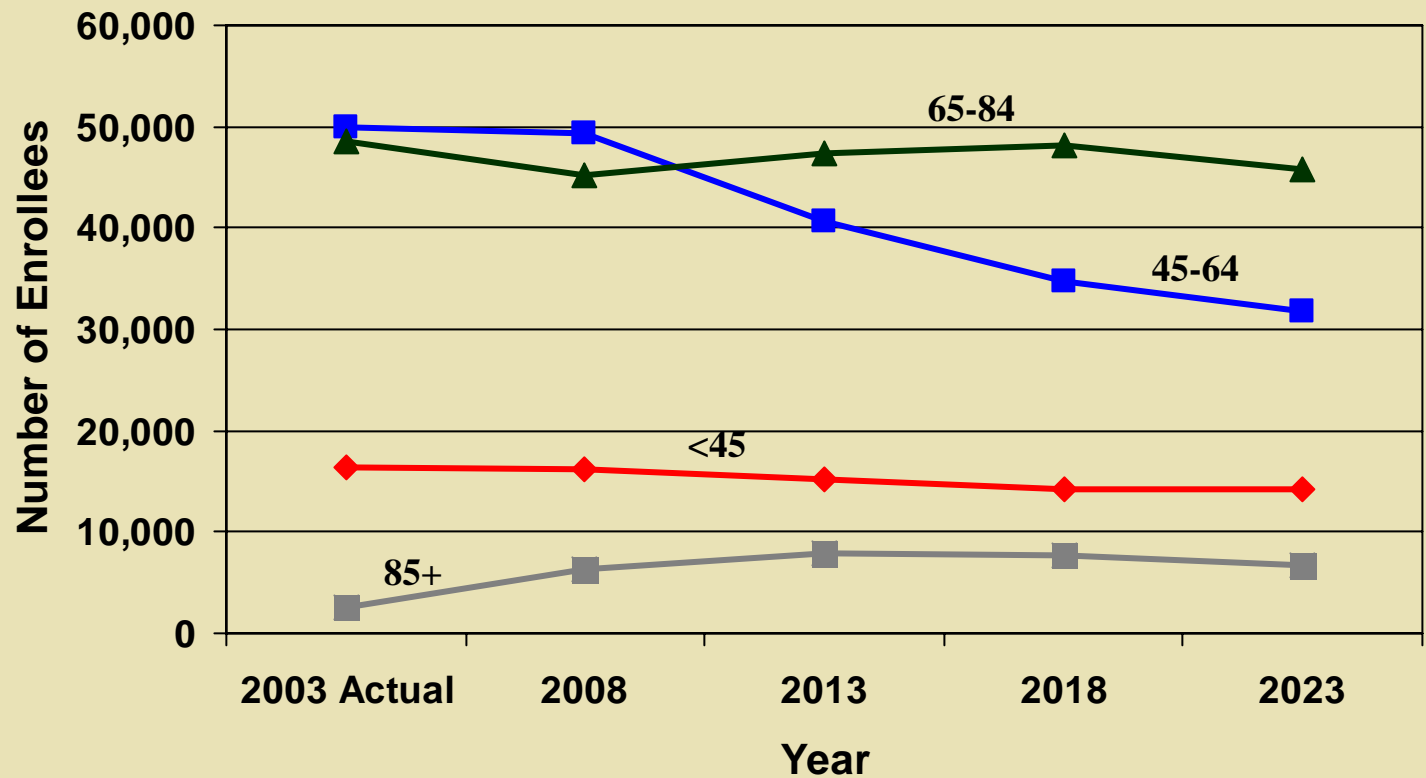NOTE: Milliman model was reviewed by 2 economic consultants and gave above opinion.

# Projecting Health Care Demand at a Market Area Level

◆ Health Care Market Area - A geographic area having a sufficient population and geographic size both to benefit from the coordination and planning of health care services through either VA facilities, DOD or private sector facilities and can support a full health care delivery system across the continuum of care. (78 markets)
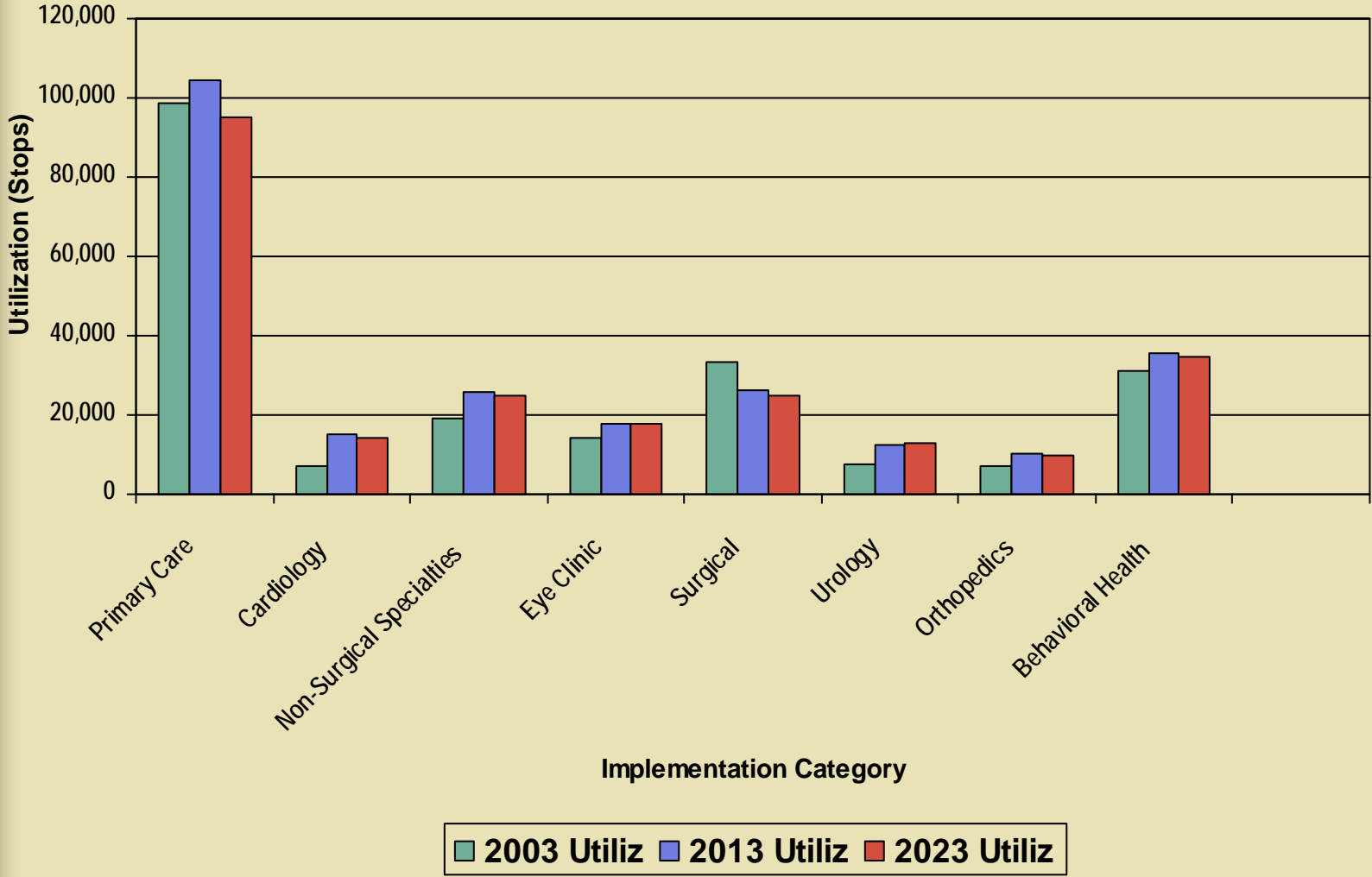
# Veterans Integrated Service Network (VISN) 9
# Northern Market Map

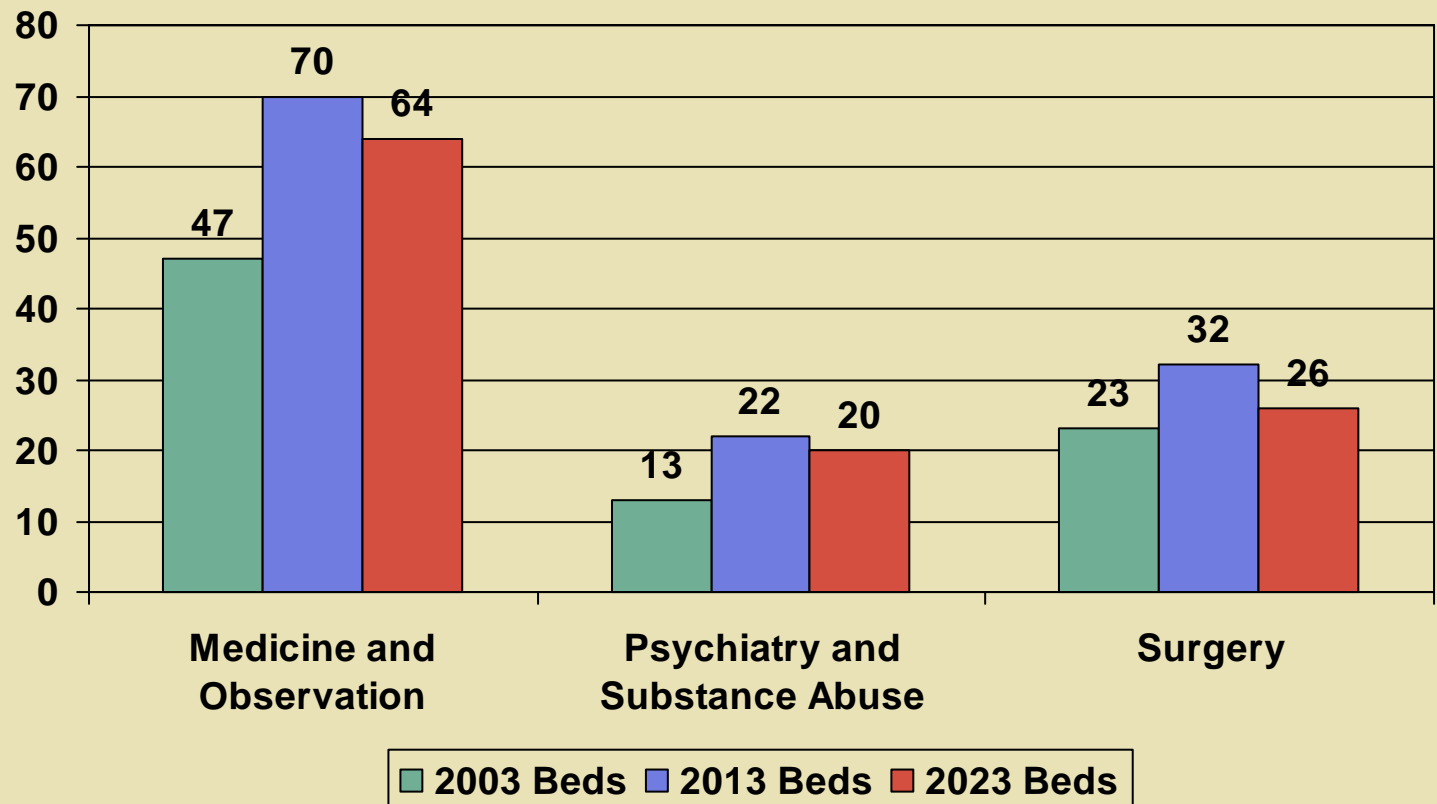# Enrollment Projections by Priority Group (VISN 9 Northern Market)

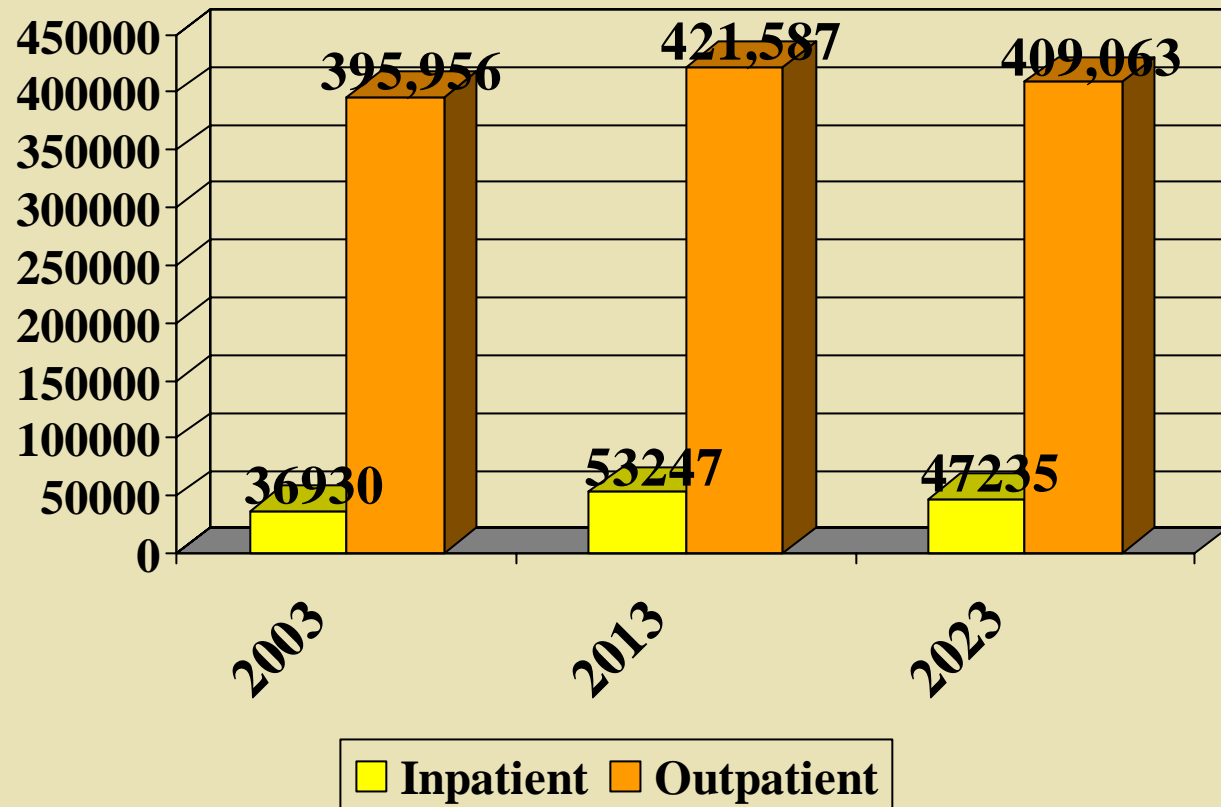# Enrollment by Age Group (VISN 9 Northern Market)

# Change in Utilization (Ambulatory) Lexington

# Inpatient Beds for Lexington

# Inpatient Bed Days of Care and Outpatient Stops: Lexington VAMC

# Projections Available at Next Meeting

◆ **VA Nursing Home Projections**

    **-  Current = 61 In-house Beds**