VETERANS HEALTH ADMINISTRATION

I. RESOURCE SUMMARY

(Budget Authority in Millions)

	2004 Final	2005 Enacted	2006 Request
Drug Resources by Function			
Treatment	$401.943	$448.022	$524.047
Research & Development	9.200	9.100	8.900
Total	$411.143	$457.122	$532.947
Drug Resources by Decision Unit			
Medical Care	$401.943	$448.022	$524.047
Research	9.200	9.100	8.900
Total	$411.143	$457.122	$532.947
Drug Resources Personnel Summary			
Total FTEs (direct only)	4,348	4,665	5,289
Information			
Total Agency Budget	$62,016.6	$69,435.6	$70,385.4
Drug Percentage	0.7%	0.7%	0.8%

II. METHODOLOGY

- During the development of the FY 2006 budget, the methodology for estimating drug treatment costs for the Veterans Health Administration (VHA) was examined by ONDCP and VHA. Based on this review VHA's drug control account was restructured to include only Specialized Treatment (ST) costs and no longer take account of Other Related Treatment (ORT) expenses. This change was made in order to provide the most reliable estimates possible and ensure consistency with the restructured drug budget. The ST category includes the cost generated by the treatment of patients with a drug use disorder that are treated in a substance abuse treatment program, including: inpatient programs, outpatient treatment, residential treatment, and methadone maintenance. The ORT category represented the cost of general medical care received by individuals with a primary drug abuse diagnosis.

- Specialized Treatment Costs – VHA's drug budget estimates include all costs generated by the treatment of patients with drug use disorders treated in specialized substance abuse treatment programs.

- This budget accounts for drug-related costs for VHA Medical Care and Research. It is not all encompassing of drug-related costs for the agency. VA incurs costs related to accounting and security of narcotics and other controlled substances and costs of law enforcement related to illegal drug activity, however; these costs are assumed to be relatively small and would not have a material effect on the aggregate VA costs reported.

III. PROGRAM SUMMARY

- The Department of Veterans Affairs (VA), through its VHA, operates a national network of 215 substance abuse treatment programs located in the department's medical centers, domiciliaries and outpatient clinics. These programs include 15 medical inpatient programs, 64 residential rehabilitation programs, 37 "intensive" outpatient programs, and 99 standard outpatient programs.

- Inpatient programs provide acute, in-hospital care and may provide detoxification and stabilization services as well. They typically treat patients for 14-28 days and then provide outpatient aftercare. As inpatient programs have become less prevalent in VA, they are usually reserved for severely impaired patients (e.g., those with co-occurring substance abuse and serious mental illness). The rest of VA's 24-hour care settings are classified as residential rehabilitation. They are based in on-site VA domiciliaries and in on and off site residential rehabilitation centers. They are distinguished from inpatient programs in having less medical staff and services, and for their longer lengths of stay (about 50 days).

- Most drug dependent veterans are treated in outpatient programs. Intensive outpatient programs provide more than 4 hours of service per day to each patient, and patients attend them 4-6 days per week. Standard outpatient programs typically treat patients for an hour or two per treatment day, and patients attend them 1 or 2 days a week.

- VA recently completed a Drug and Alcohol Program Survey (DAPS) of 100 percent of its substance abuse programs, which described their staffing, structure, services and history in detail. This report was provided to many agencies, including ONDCP, and is available on line at http://www.chce.research.med.va.gov/chce/pdfs/2004DAPS.pdf.

- The investment in health care and specialized treatment of veterans with drug abuse problems, funded by the resources in Medical Care, helps avoid future health, welfare and crime costs associated with illegal drug use.

- In FY 2003, VHA provided specialty substance abuse treatment to almost 70,000 veterans who use illegal drugs. The most prevalent drug used was cocaine, followed by heroin, cannabis and amphetamines, respectively. About two-thirds of these drug abuse patients were in Mean Test Category A, reflecting very low income. About one fourth of these patients had a service-connected disability (The term "service connected" refers to injuries sustained in military service, especially those injuries sustained as a result of military action).

- The dollars expended in research help to acquire new knowledge to improve the prevention, diagnosis and treatment of disease, and acquire new knowledge to improve the effectiveness, efficiency, accessibility and quality of veterans' health care.

- The VA, in keeping with modern medical practice, continues to improve service delivery by expanding primary care and shifting treatment services to lower cost settings when clinically appropriate. Included in this shift to more efficient and cost effective care delivery has been VA's substance abuse treatment system. Recent data trends suggest these shifts in care delivery will continue to impact budgets in future years. The full extent of the impact cannot be determined until additional data becomes available.

IV. BUDGET SUMMARY

2005 Program

- The FY 2005 estimate is $457.1 million, which consists of $448.0 million for medical care and $9.1 million for drug abuse related research. This represents a $46.0 million increase over the FY 2004 estimate.

- In conjunction with the Department of Health and Human Services (HHS) and the Department of Defense (DoD), VA will make available to both Departments its expertise in drug treatment theory and program development. The emphasis will be on the establishment of a treatment continuum, the implementation of patient/treatment matching and methods of evaluating treatment outcome and implementing and assessing the effectiveness of clinical practice guidelines. VA will be able to accomplish this within existing resources, primarily through its Center of Excellence in Substance Abuse Treatment and Education (CESATE) and its Program Evaluation and Resource Center (PERC). These two entities already provide these services within VA and will be made available for integration into similar activities within HHS and DoD.

- Increase treatment efficiency and effectiveness. Provide information on successful methods in various programs and the number of referrals that enter treatment. The dollars expended in research help to meet this goal and objective by 1) acquiring new knowledge to improve the prevention, diagnosis and treatment of disease, and 2) acquiring new knowledge to improve the effectiveness, efficiency, accessibility and quality of veterans' health care.

- Use effective outreach referral and case management efforts to facilitate early access to treatment. In coordination with CSAT on how best to employ outreach models, VA has been and will continue to be a participant in the Treatment Improvement Protocol (TIP) initiative developed by CSAT of SAMHSA, Department of Health and Human Services. A component of this project is the specific development of a TIP relating to case management and the associated facilitation of access to treatment. Previously issued TIPs have been made available to VA treatment programs, and have been used in VA's continuing education activities. This effort will continue in the future.

2006 Request

- The FY 2006 estimate is $532.9 million, which consists of $524.0 million for medical care and $8.9 million for drug abuse related research. This represents a $75.8 million increase over FY 2005 estimate or a 16.6 percent increase.

VA POLICY ACTIONS

- In an effort to overcome the difference between available resources and the demand for VA health care services forecast by the actuarial model for 2005, VA assumes the suspension of new Priority 8 veterans in 2005. Additional policy actions to reduce health care demand may occur in FY 2006. These actions would help ensure that the remaining, higher priority veterans are able to access needed health care services in a timely and medically appropriate manner. The effect of the policy options on the number of drug patients that VA treats is expected to be minimal.

- In June of 2004, the Secretary of VA mandated that VA facilities with limited substance abuse treatment services should expand those services to bring accessibility up to the national average by the end of FY 2005. The Secretary directed that VA facilities use the VHA's Clinical Practice Guidelines for Substance Abuse Treatment to guide their efforts to restore substance abuse treatment services.

V. PERFORMANCE

Summary

- This section on VHA's program accomplishments is drawn from the FY 2006 Budget Request and internal management documents. No PART review has been undertaken as yet. The chart below examines existing performance targets and actual achievements. The current program ensures appropriate continuity of care for patients with primary addictive disorders, highlighting the timing and frequency of outpatient visits. Targets have been identified for FY 2004 and FY 2005. FY 2006 targets will be established after review of FY 2005 third quarter data. VHA also anticipates the establishment of specific outcome measures for 2006 - these should be available by the last quarter of 2005.

Selected Measures of Performance		
PART Review Not Reviewed		
Outcome-Oriented Measures	**FY 2004**	
	Target	**Actual**
Under development	----	----
Selected Output Measures		
	Target	**Actual**
Percent clients receiving appropriate continuity of care (includes alcohol)	32%	28%

Discussion

- The program monitors its progress by tracking the percent of patients with primary addictive disorders who receive appropriate continuity of care, defined in terms of timing and frequency of outpatient visits. The target of 32 percent was met in the fourth quarter although the annual average for FY 2004 was 28 percent. The FY 2005 target is 36 percent.

- In FY 2003, VHA provided services to patients of whom 50 percent used cocaine, 34 percent used opioids, and 38 percent had coexisting psychiatric diagnoses. FY 2004 data should be available by March, 2005.

- Through the Quality Enhancement Research Initiative program, VHA is steadily expanding the availability of methadone maintenance clinics for heroin-dependent veterans.

- The PERC, Palo Alto Healthcare System, has conducted a major process-outcome evaluation of substance abuse programs. The data has been collected, including at one, two, and five-year follow-up periods. As documented in a series of scientific articles and reports, this evaluation indicates the effectiveness of VHA's two-most widely employed treatment modalities: 12-step and cognitive-behavioral treatment.