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Report to the Chairman, Committee on Veterans' Affairs, House of Representatives

November 2004

VA LONG-TERM CARE

Oversight of Nursing Home Program Impeded by Data Gaps

GAO-05-65

Highlights of GAO-05-65, a report to the Chairman, Committee on Veterans' Affairs, House of Representatives

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VA LONG-TERM CARE

Oversight of Nursing Home Program Impeded by Data Gaps

Why GAO Did This Study

The Department of Veterans Affairs (VA) operates a $2.3 billion nursing home program that provides or pays for veterans' care in three settings: VA nursing homes, community nursing homes, and state veterans' nursing homes. The Veterans Millennium Health Care and Benefits Act (Millennium Act) of 1999 and VA policy require that VA provide nursing home care to veterans with a certain eligibility.

The Committee has expressed a need for additional data to conduct oversight of VA's nursing home program. Specifically, for all VA nursing home settings in fiscal year 2003, GAO was asked to report on (1) VA spending to provide or pay for nursing home care, (2) VA workload provided or paid for, (3) the percentage of nursing home care that is long and short stay, and (4) the percentage of veterans receiving care required by the Millennium Act or VA policy.

What GAO Recommends

To help ensure more complete data for program monitoring and congressional oversight, GAO recommends that VA collect data on veterans' length of stay and eligibility for community nursing homes and state veterans' nursing homes comparable to data VA collects for VA nursing homes. VA stated that it concurred in principle with GAO's recommendations and will work to reduce data gaps GAO identified. However, VA did not indicate specific plans to collect the data GAO recommended.

www.gao.gov/cgi-bin/getrpt?GAO-05-65.

To view the full product, including the scope and methodology, click on the link above. For more information, contact Cynthia A. Bascetta at (202) 512-7101.

What GAO Found

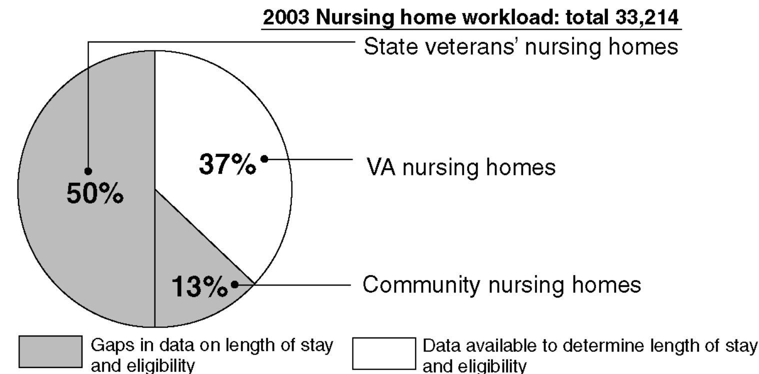
In fiscal year 2003, VA spent 73 percent of its nursing home resources on VA nursing homes—almost $1.7 billion of about $2.3 billion—and the remaining 27 percent on community and state veterans' nursing homes.

Half of VA's average daily nursing home workload of 33,214 in fiscal year 2003 was for state veterans' nursing homes, even though this setting accounted for 15 percent of VA's overall nursing home expenditures. In large part, this is because VA pays about one-third of the cost of care in state veterans' nursing homes. Community nursing homes and VA nursing homes accounted for 13 and 37 percent of the workload, respectively.

About one-third of nursing home care in VA nursing homes in fiscal year 2003 was long-stay care (90 days or more). Long-stay services include those needed by veterans who cannot be cared for at home because of severe, chronic physical or mental impairments such as the inability to independently eat or the need for supervision because of dementia. The other two-thirds was short-stay care (less than 90 days), which includes services such as postacute care needed for recuperation from a stroke. VA lacks similar data for community and state veterans' nursing homes.

About one-fourth of veterans who received care in VA nursing homes in fiscal year 2003 were served because the Millennium Act or VA policy requires that VA provide or pay for nursing home care of veterans with a certain eligibility. All other veterans received care at VA's discretion. VA lacks data on comparable eligibility status for community and state veterans' nursing homes even though these settings combined accounted for 63 percent of VA's overall workload. Gaps in data on length of stay and eligibility in these two settings impede program oversight.

Data Gaps on Length of Stay and Eligibility for VA's Nursing Home Program, Fiscal Year 2003



Source: GAO analysis of VA data.

Note: The workload measure is average daily census, which represents the total number of days of nursing home care divided by the number of days in the year.

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Abbreviations

VA	Department of Veterans Affairs
VHA	Veterans Health Administration

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United States Government Accountability Office
Washington, DC 20548

November 10, 2004

The Honorable Christopher H. Smith
Chairman
Committee on Veterans' Affairs
House of Representatives

Dear Mr. Chairman:

The Department of Veterans Affairs (VA) operates a $2.3 billion nursing home program that provides or pays for veterans' care in VA's 21 health care networks.[1] Meeting veterans' nursing home care needs is a key issue for VA because it has a large elderly veteran population, many of whom are in need of such care. In 2003, 38 percent of the veteran population was over the age of 65 compared to 12 percent for the overall population. VA provides or pays for veterans' care in three nursing home settings. VA operates its own nursing homes and also pays for nursing home care under contract in non-VA nursing homes—referred to as community nursing homes. In addition, VA pays part of the cost of care for veterans at state veterans' nursing homes and also pays a portion of the construction costs for some state veterans' nursing homes. To enhance access to veterans needing nursing home care across VA's health care system, an independent commission recommended in February 2004 that VA develop a strategic plan for long-term care that includes policies and strategies for the delivery of nursing home care.[2]

In November 1999, the Congress passed the Veterans Millennium Health Care and Benefits Act (Millennium Act),[3] which required that through December 31, 2003, VA provide nursing home care to those veterans with a

[1]VA's national health care system consists of 21 regional health care networks. These networks have budget and management responsibilities that include allocating budgetary resources for VA nursing homes.

[2]The independent commission is called the Capital Asset Realignment for Enhanced Services Commission. This Commission reviewed proposals by VA regarding realignment and allocation of capital assets, such as health care facilities, to better meet the demand for veterans' health care services into the future.

[3]Pub. L. No. 106-117, 113 Stat. 1545 (1999).

service-connected disability rated at 70 percent or greater,[4] those requiring nursing home care because of a condition related to their military service who do not have a service-connected disability rating of 70 percent or greater, and those who were admitted to VA nursing homes on or before the effective date of the act. Subsequent law extended these provisions through December 31, 2008.[5] In addition, VA's policy on nursing home eligibility required that networks provide nursing home care to veterans with 60 percent service-connected disability ratings who also meet other criteria.[6] For all other veterans enrolled in its system, VA's policy on nursing home eligibility is to provide nursing home care in VA nursing homes and contract community nursing homes on a discretionary basis depending on available resources, with certain patients having higher priority, including veterans who require postacute care after a hospital episode. Veterans can also choose to seek care in state veterans' nursing homes and if admitted, VA pays a portion of the cost to treat them.

The Committee has expressed a need for additional data in order to conduct oversight of VA's nursing home program, especially in light of the large elderly veteran population. These data needs have focused on the total amount of resources spent to deliver nursing home care in VA nursing homes, community nursing homes, and state veterans' nursing homes and the amount of nursing home care provided with these resources. The Committee has also expressed a need for data on the percentage of veterans in VA's nursing home program that received long- and short-stay nursing home care. Long-stay care patients cannot be cared for at home because of severe, chronic physical or mental limitations. In addition, the Committee has expressed a need for data on the percentage of veterans in VA's nursing home program that are required to be served based on the Millennium Act or VA policy.

For all nursing home settings in VA's program in fiscal year 2003, this report provides information on (1) VA spending to provide or pay for

[4]A service-connected disability is an injury or disease that was incurred or aggravated while on active duty. VA classifies veterans with service-connected disabilities according to the extent of their disability. These classifications are expressed in terms of percentages—-for example, the most severely disabled such veteran would be classified as having a service-connected disability of 100 percent. Percentages are assigned in increments of 10 percent.

[5]The Veterans Health Care, Capital Asset, and Business Improvement Act of 2003, Pub. L. No. 108-170, § 106 (b), 117 Stat. 2042, 2046 extended this provision of the Millennium Act.

[6]These veterans must also be classified as unemployable or Permanent and Total Disabled (P&T).

nursing home care, (2) VA workload provided or paid for, (3) the percentage of nursing home care that is long and short stay, and (4) the percentage of veterans receiving care that are required to be served by the Millennium Act or VA policy. To place this information in context, we supplement our findings with information for fiscal year 1998.[7]

To perform our work, we reviewed documents and analyzed VA data on the amount of nursing home expenditures and workload, the percentage of long- and short-stay care, and the eligibility status of veterans based on the Millennium Act or VA's policy on nursing home eligibility. In our calculation of expenditures, we included direct expenditures by VA to provide or pay for nursing home care plus costs to administer the program at the VA medical center. For this review, we measured nursing home workload as defined by average daily census, which reflects the average number of veterans receiving nursing home care on any given day during the course of the year. We used VA data to estimate the number of VA nursing home long stays, defined as 90 days or more, and short stays, defined as less than 90 days. To determine the eligibility status of veterans we used VA data to estimate veterans' eligibility for VA nursing home care based on the Millennium Act or VA policy. In doing our work, we tested the reliability of the data and determined they were adequate for our purposes. For a complete description of our scope and methodology, see appendix I. We conducted our review from January 2003 through November 2004 in accordance with generally accepted government auditing standards.

Results in Brief

In fiscal year 2003, VA nursing homes accounted for almost $1.7 billion, or about three-quarters of the approximately $2.3 billion VA spent to provide or pay for veterans to receive nursing home care. In contrast, state veterans' nursing homes and community nursing homes accounted for the remaining 27 percent or $624 million spent by VA on nursing home care. Since fiscal year 1998, the percentage of expenditures for VA nursing homes and state veterans' nursing homes has increased while the percentage for community nursing homes has decreased. VA's 21 health care networks vary widely in the percentage of resources spent on each nursing home care setting, although all networks spent a larger percentage of their resources on VA nursing homes.

[7]We do not present data on eligibility for fiscal year 1998 because the Millennium Act was not enacted until fiscal year 2000.

State veterans' nursing homes accounted for half of VA's overall nursing home workload—average daily census—in fiscal year 2003, even though this setting accounted for only 15 percent of overall nursing home expenditures. In fiscal year 2003, state veterans' nursing homes delivered care to 16,639 of the 33,214 veterans served on a daily basis. In contrast, VA used its nursing homes to provide 37 percent and paid for community nursing homes to provide 13 percent of its overall workload in that year. The percentage of workload served is higher than the percentage of expenditures in state veterans' nursing homes, in part, 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. Since fiscal year 1998, VA's use of nursing homes by setting has changed. The percentage of workload met in state veterans' nursing homes increased, while the percentage of workload met in VA nursing homes and community nursing homes declined. Although state veterans' nursing homes predominate overall, VA's networks vary widely in the percentage of workload met in different nursing home settings.

About one-third of the care VA provided in VA nursing homes was long stay in fiscal year 2003, but VA lacks comparable information for community nursing homes and state veterans' nursing homes. Long-stay care (90 days or more) includes services needed by veterans who cannot be cared for at home because of severe, chronic physical or mental limitations such as the inability to independently eat or the need for supervision because of dementia or other conditions. About two-thirds of VA nursing home care was short-stay care (less than 90 days), which includes services such as postacute care needed for recuperation from a stroke or hip replacement. Since fiscal year 1998, the use of long-stay care in VA nursing homes has declined while the use of short-stay care has increased. VA does not collect and report comparable information on the length of stay for veterans in community nursing homes and state veterans' nursing homes.

About one-fourth of veterans who received care in VA nursing homes in fiscal year 2003 were required to be served by the Millennium Act or VA's policy on nursing home eligibility. In contrast, about three-quarters of veterans in VA nursing homes received such care on a discretionary basis depending on available resources. VA does not collect and report comparable information on eligibility status for community nursing homes and state veterans' nursing homes even though these settings combined accounted for 63 percent of VA's overall workload. Although VA officials told us that medical center officials may know the eligibility status of the veterans they pay for in community nursing homes and state veterans'

nursing homes, VA does not have the information at either the nationwide or the network level.

To help ensure that VA can provide adequate program monitoring and planning for nursing home care and to provide a better basis for congressional oversight, we are recommending that VA collect data on veterans' length of stay and eligibility for community nursing homes and state veterans' nursing homes comparable to data VA currently collects for its nursing homes.

In commenting on a draft of this report, VA stated that it concurred in principle with our recommendations. VA stated that it will continue its efforts to reduce data gaps in the community nursing home and state veterans home programs, but VA did not indicate specific plans to collect data on length of stay and eligibility for its long-term care planning process. Moreover, VA stated that data other than eligibility and length of stay, such as age and disability, are most crucial for its long-term care strategic planning and program oversight. We disagree with VA's position that eligibility and length-of-stay data are not considered most crucial and are concerned about VA's lack of specificity regarding its intent to utilize these data. While factors such as age and disability are generally recognized as important in projecting veterans' overall need for nursing home care, VA needs veterans' eligibility status and length of stay to determine what portion of the overall need VA will meet nationally and in individual communities. Eligibility data are crucial because VA needs to know who it is required to serve based on the Millennium Act or VA policy and what proportion of veterans it will serve on a discretionary basis. In addition, length-of-stay data are crucial because VA needs to know the type of nursing home care, short and long stay, that will be needed by the veterans it serves in each of its three nursing home settings.

Background

VA operates its nursing homes in 132 locations, which are located throughout VA's 21 health care networks. Almost all of these nursing homes are attached or in close proximity to a VA medical center. According to VA policy, VA staff at these facilities determine whether the veteran has a clinical need for nursing home care based on a comprehensive interdisciplinary clinical assessment. The interdisciplinary teams determining clinical need for nursing home care could include personnel such as the nursing home director, a social worker, nurse, physical therapist, and gerontologist. The care provided to veterans at a VA nursing home could include a range of services, including short-term postacute care needed to recover from a condition such as a stroke to

longer-term care required by veterans who cannot be cared for at home because of severe, chronic physical or mental limitations.

VA may also refer patients to receive nursing home care under contract from non-VA nursing homes located in the community—referred to as community nursing homes. In fiscal year 2003, VA purchased care from community nursing homes in one of two ways. VA contracted with most nursing homes through the local VA medical center. In addition, VA also contracted with some community nursing homes under its Regional Community Nursing Home initiative, in which nursing home chains in single or multiple states contract directly with VA headquarters for services at their nursing homes. In fiscal year 2003, VA contracted with 1,723 nursing homes through its medical centers and with 508 more nursing homes under its Regional Community Nursing Home initiative.[8]

Veterans may also choose to seek care in state veterans' nursing homes. In fiscal year 2003, 109 state veterans' nursing homes located in 44 states and Puerto Rico received VA payment to provide care. VA may refer patients to these nursing homes for care, but does not control the admission process. Veterans are admitted based on eligibility criteria established by the states. For state veterans' nursing homes to participate in VA's program, however, VA requires that at least 75 percent of the residents be veterans in most cases.[9] State veterans' nursing homes may also provide nursing home care to certain nonveterans, such as spouses of residents who are veterans. VA is authorized to pay for about two-thirds of the costs of construction of state veterans' nursing homes and pays about a third of the costs per day to provide care to veterans in these homes.[10] In fiscal year 2003, VA paid $56.24 per day for veterans in these state veterans' nursing homes and

[8]VA discontinued its Regional Community Nursing Home initiative and reverted these contracts to contracts through its medical centers in fiscal year 2004.

[9]If a state veterans' home received a construction grant from VA, at least 75 percent of its residents must be veterans in order to participate in the VA per-diem program. If the state veterans' home did not receive a construction grant from VA, VA requires that more than 50 percent of the residents be veterans. See 38 CFR § 51.210 (d)(2003).

[10]The daily amount paid per veteran in recognized state veterans' homes is the per diem rate established under 38 U.S.C. §1741, for nursing home care.

awarded $174 million in grants to 16 states for renovations of existing facilities or construction of new state veterans' homes.[11]

Veterans can also receive nursing home care financed by sources other than VA, including Medicaid and Medicare, private health or long-term care insurance, or self-financed.[12] States design and administer Medicaid programs that include coverage for long-term nursing home care to assist with daily activities such as eating and bathing. Medicare primarily covers acute care health costs and therefore limits its nursing home coverage to short stays requiring skilled nursing home care following hospitalization. State Medicaid programs are the principal funders of nursing homes, besides patients self-financing their care. Private health insurance pays for about 11 percent of nursing home and home health care expenditures.[13]

VA Spent Almost Three-Quarters of Its Nursing Home Resources on Care for Veterans in VA Nursing Homes, but Expenditures Varied Widely by Network

VA nursing homes accounted for almost three-quarters of VA's overall nursing home expenditures, or about $1.7 billion, in fiscal year 2003. Care in state veterans' nursing homes accounted for 15 percent of nursing home expenditures, or about $352 million. Care in community nursing homes accounted for the lowest percentage of overall nursing home expenditures at 12 percent, or about $272 million. Overall, VA spent approximately $2.3 billion to provide or pay for nursing home care in VA nursing homes, community nursing homes, and state veterans' nursing homes in fiscal year 2003.

In contrast to fiscal year 1998, in fiscal year 2003 the percentage of expenditures from community nursing homes declined, whereas the percentage of expenditures for care in VA nursing homes and state

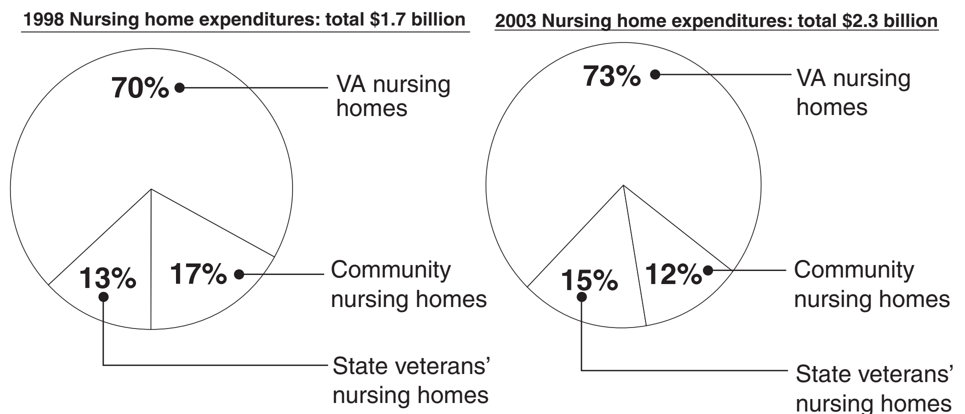
[11]These grants include resources for construction and renovation of state veterans' nursing homes that provide services in addition to or other than nursing home care. Some state veterans' nursing homes include—or consist solely of—domiciliaries, which are facilities for the care of veterans who do not require hospital or nursing home care but are unable to live independently because of medical or psychiatric disabilities. A small number of state veterans' nursing homes also offer hospital care or adult day health care.

[12]VA is not authorized, in most cases, to bill and collect payments from Medicare and Medicaid nor can VA bill other insurers for health care conditions that are related to military service. However, a veteran's eligibility to participate in VA's nursing home program does not prohibit a veteran from using these financing sources of nursing home care outside of VA's health care system, if eligible.

[13]See GAO, *Long-Term Care: Aging Baby Boom Generation Will Increase Demand and Burden on Federal and State Budgets*, GAO-02-544T (Washington, D.C.: Mar. 21, 2002).

veterans' nursing homes increased. (See fig. 1.) For example, 70 percent of nursing home expenditures were accounted for by VA nursing homes in fiscal year 1998 as compared to 73 percent in 2003. Moreover, the percentage of community nursing home expenditures was 17 percent in 1998 as compared to 12 percent in 2003. During the same years, VA's overall nursing home expenditures increased by about a third, growing from about $1.7 billion to approximately $2.3 billion.

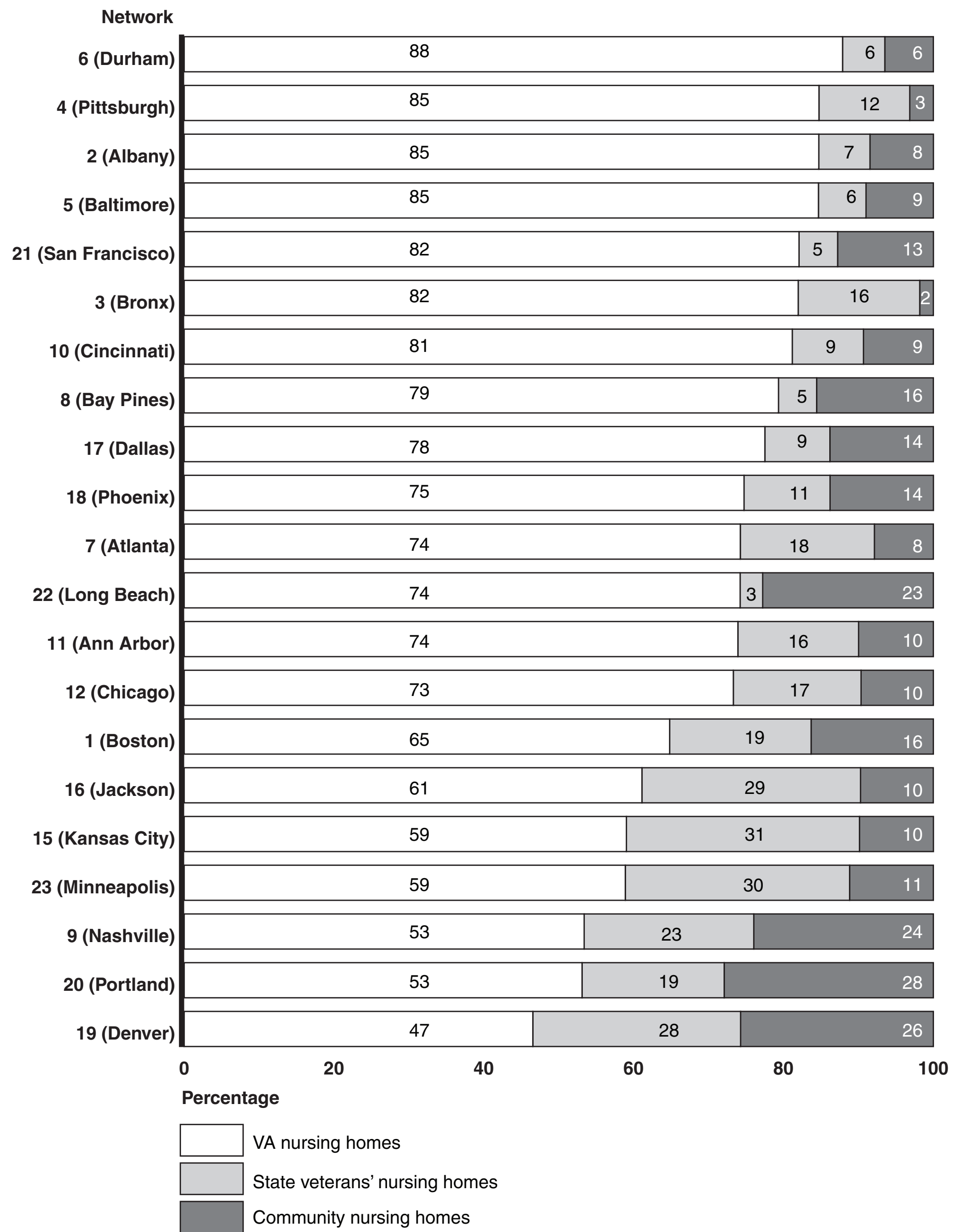
Figure 1: Percentage of Nursing Home Expenditures by Setting, Fiscal Years 1998 and 2003



Source: GAO analysis of VA data.

The percentage of nursing home expenditures for care in each nursing home setting varied widely by network in fiscal year 2003. (See fig. 2.) All networks spent the largest percentage of their resources on VA nursing homes. The percentage of expenditures for VA nursing homes ranged from a low of 47 percent in Network 19 (Denver) to a high of 88 percent in Network 6 (Durham). Further, the percentage of overall nursing home expenditures accounted for by community and state veterans' nursing homes also varied widely across the networks. For example, the percentage of expenditures for community nursing homes ranged from a low of 2 percent in Network 3 (Bronx) to a high of 28 percent in Network 20 (Portland).

Figure 2: Percentage of Nursing Home Expenditures by Setting and Network, Fiscal Year 2003



Source: GAO analysis of VA data.

Note: In January 2002 VA merged networks 13 and 14 to form a single network, Network 23 (Minneapolis). A network's total percentage may not equal 100 because of rounding.

A comparison of how networks' percentage of expenditures on each nursing home setting changed in fiscal year 2003 as compared to fiscal year 1998 showed that networks' changes were consistent with the VA-wide changes.[14] In fiscal year 2003, the percentage of expenditures for VA nursing homes increased in 15 of the 21 health care networks as compared to fiscal year 1998. Similar to the overall trend, the percentage of expenditures for state veterans' nursing homes increased in 17 of 21 networks, whereas the percentage of expenditures for community nursing homes decreased in 17 of 21 networks. The largest shift in the percentage of expenditures for the three settings occurred in Network 19 (Denver). In this network, the percentage of expenditures for VA nursing homes declined from 75 to 47 percent because of a nursing home closure during this period. For more detailed information on the percent change in nursing home expenditures for each setting and network in fiscal years 1998 and 2003, see appendix II.

State Veterans' Nursing Homes Provided Half of VA's Overall Nursing Home Workload, but Networks' Use of Nursing Home Care Setting Varied

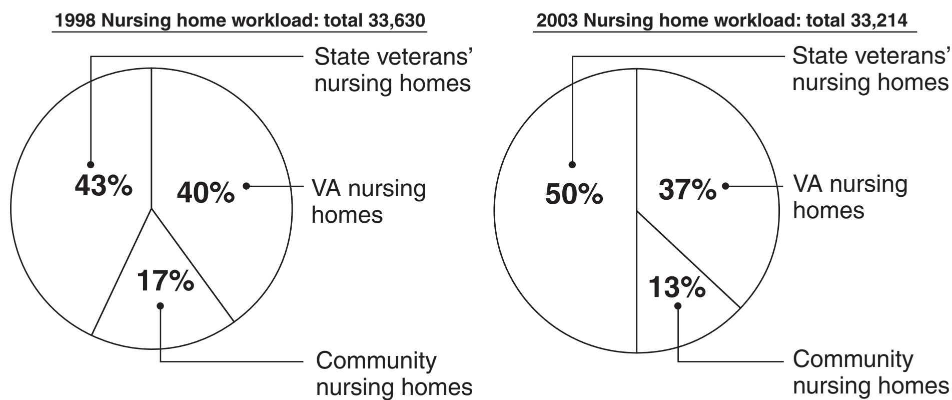
State veterans' nursing homes accounted for half of VA's overall nursing home workload—measured by average daily census—in fiscal year 2003, even though they accounted for only 15 percent of expenditures. In large part this is because VA pays a per-diem rate for care in state veterans' nursing homes that, on average, accounts for about one-third of the cost to provide veterans nursing home care in this setting. The remaining payments made to state veterans' nursing homes come from a number of other sources including Medicaid, Medicare, private health insurance, and patients self-financing their care. VA nursing homes provided the next largest percentage of nursing home workload, 37 percent in fiscal year 2003. Community nursing homes provided 13 percent of overall nursing home workload. Overall, VA provided or paid for 33,214 patients to receive nursing home care daily in VA nursing homes, community nursing homes, and state veterans' nursing homes in fiscal year 2003.

Since fiscal year 1998, VA has increased its use of state veterans' nursing homes and decreased the use of VA nursing homes and community nursing homes. Overall, workload in VA's nursing home program was 33,214 in fiscal year 2003, about 1 percent below its fiscal year 1998 workload. The percentage of nursing home workload provided in state

[14] For the purposes of our analysis we treated networks 13 and 14 as one network in fiscal year 1998 to compare with Network 23 (Minneapolis) in 2003, which now includes the regions previously served by networks 13 and 14.

veterans' nursing homes increased from 43 to 50 percent. In contrast, the percentage of workload provided in VA nursing homes and community nursing homes declined. (See fig. 3.)

Figure 3: Percentage of VA Nursing Home Workload by Setting, Fiscal Years 1998 and 2003



Source: GAO analysis of VA data.

Note: The workload measure is average daily census, which represents the total number of days of nursing home care provided in a year divided by the number of days in the year.

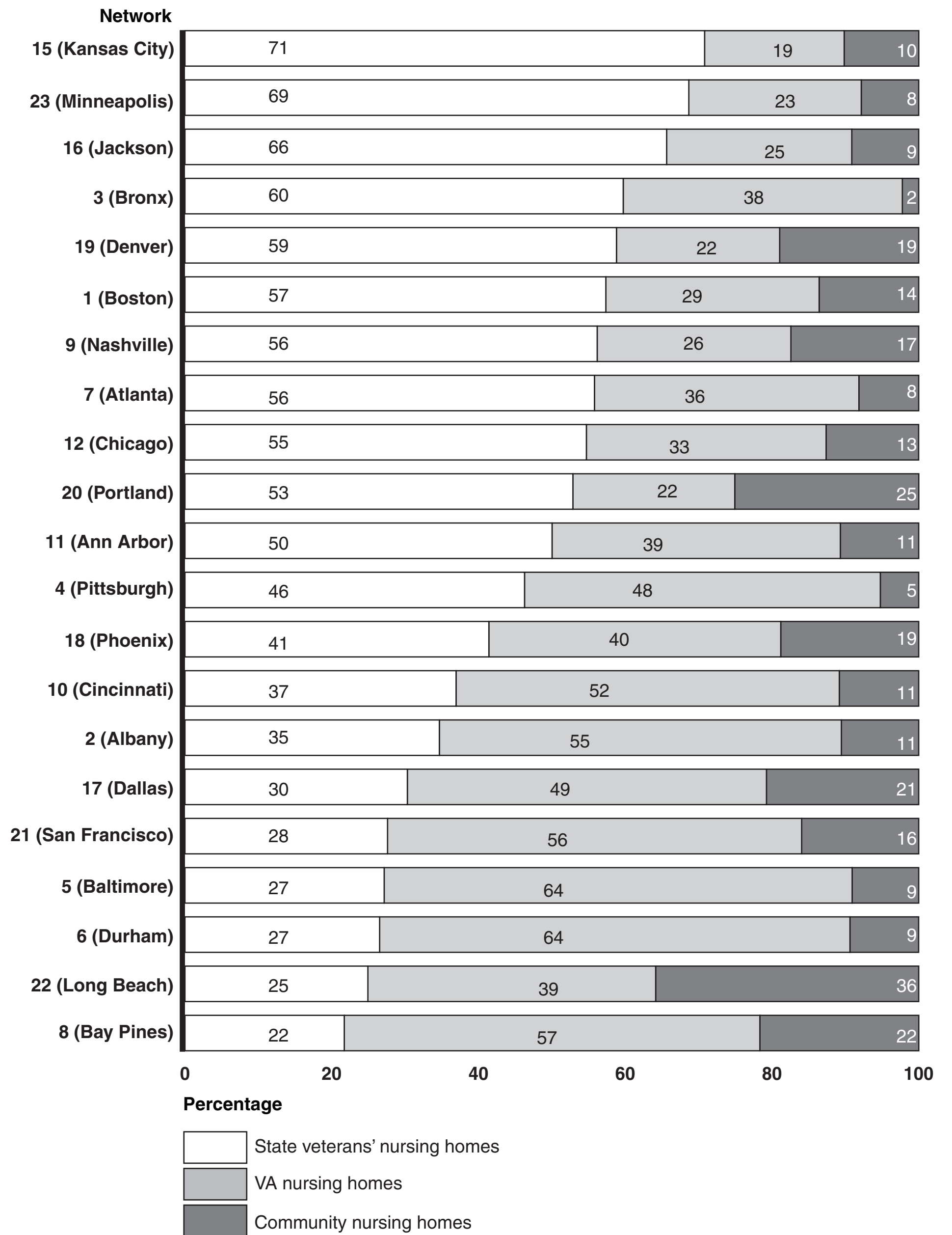
The increase in the percentage of nursing home workload provided in state veterans' nursing homes resulted from a number of factors. States, with the assistance of construction grants from VA, built 17 new state veterans' nursing homes, increasing the number of beds available during this period. The increasing percentage of state veterans' nursing home workload also occurred as a result of declines in workload in VA nursing homes and community nursing homes due to changes in VA's use of these settings. In VA nursing homes, VA officials attributed some of the decreases in nursing home workload to an increased emphasis on postacute patients with short lengths of stay. Moreover, VA officials told us that they are providing contract community nursing home care to fewer veterans and paying for shorter contracts than in the past. The number of patients VA served in this setting declined from 28,893 to 14,032 during this period.[15] Network officials also told us that contracts for community nursing home care are often now 30 days or less and are used primarily to

[15]These patient numbers are based on discharges and a single patient may be admitted more than once in the same fiscal year.

transition veterans to nursing home care, which is paid for by other payers such as Medicaid.

Although state veterans' nursing homes predominate overall, networks vary widely in the percentage of workload met in different nursing home settings. For example, networks varied in their use of state veterans' nursing homes ranging from a low of 22 percent in Network 8 (Bay Pines) to a high of 71 percent in Network 15 (Kansas City). (See fig. 4.) This variation is due, in part, to the available bed capacity of state veterans' nursing homes in these networks. In 2003, Network 15 (Kansas City) had 1,509 state veterans' nursing home beds compared to 420 beds in Network 8 (Bay Pines). However, wide network variation also existed in the percentage of networks' workloads accounted for by VA nursing homes and community nursing homes.

Figure 4: Percentage of Nursing Home Workload by Setting and Network, Fiscal Year 2003



Source: GAO analysis of VA data.

Note: In January 2002 VA merged networks 13 and 14 to form a single network, Network 23 (Minneapolis). A network's total percentage may not equal 100 because of rounding.

Changes in networks' delivery of nursing home care among the three nursing home settings were consistent with VA-wide changes between fiscal year 1998 and 2003. The percentage of workload provided in state veterans' nursing homes increased in 19 of VA's 21 health care networks. Similar to the overall trend, the percentage of workload met in community nursing homes declined in 17 networks and declined in 13 networks for VA nursing homes. The largest shift in the percentage of workload for the three settings occurred in Network 17 (Dallas). In this network, the percentage of workload for state veterans' nursing homes increased from 0 to 30 percent because Texas opened up four state veterans' nursing homes during this period. For more detailed information on the percent change in nursing home workload for each setting and network in fiscal years 1998 and 2003, see appendix III.

About One-Third of VA Nursing Home Care Is Long Stay, but VA Lacks Comparable Information for Other Nursing Home Settings

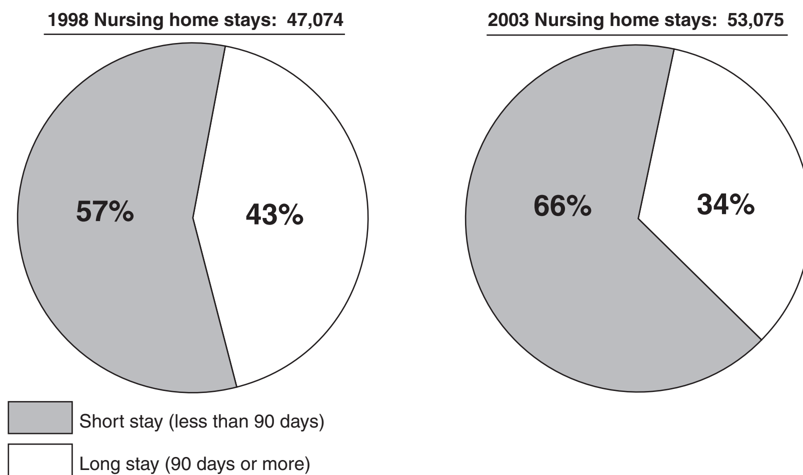
About one-third of the care VA provided in VA nursing homes was long stay in fiscal year 2003. The use of long-stay nursing home care (90 days or more) includes services needed when a person has a physical or mental disability that cannot be cared for at home. For example, veterans needing long-stay care may have difficulty performing some activities of daily living without assistance, such as bathing, dressing, toileting, eating, and moving from one location to another. They may have mental impairments, such as Alzheimer's disease or dementia, that necessitate supervision to avoid harm to themselves or others or require assistance with tasks such as taking medications. The remainder, or two-thirds of VA nursing home care, was short-stay care (less than 90 days) in this setting. VA's use of short-stay care includes nursing home services such as postacute care required for recuperation from a stroke or hip replacement. VA officials also told us that this care could include a number of other services such as the delivery of complex medical services such as chemotherapy, the treatment of wounds such as pressure ulcers, and end-of-life care. VA's use of short-stay care is similar to services provided by Medicare, which provides short-term coverage, whereas VA's use of long-stay care is similar to services provided by Medicaid, which provides long-term coverage for nursing home care.[16]

Since fiscal year 1998, VA has decreased its use of long-stay care and increased its use of short-stay nursing home care. Specifically, the

[16]Medicare covers skilled nursing facility stays for up to 100 days (per spell of illness), whereas Medicaid has no length-of-stay limits.

percentage of nursing home care that was long stay has declined from 43 to 34 percent between fiscal years 1998 and 2003. (See fig. 5.) In contrast, the percentage of short stays provided in this setting increased from 57 to 66 percent during the same period. This shift in the amount of short-stay care is consistent with VA's policy on nursing home eligibility that sets a higher priority on serving veterans who require short-stay postacute care.

Figure 5: Percentage of Long- and Short-Stay Care in VA Nursing Homes, Fiscal Years 1998 and 2003

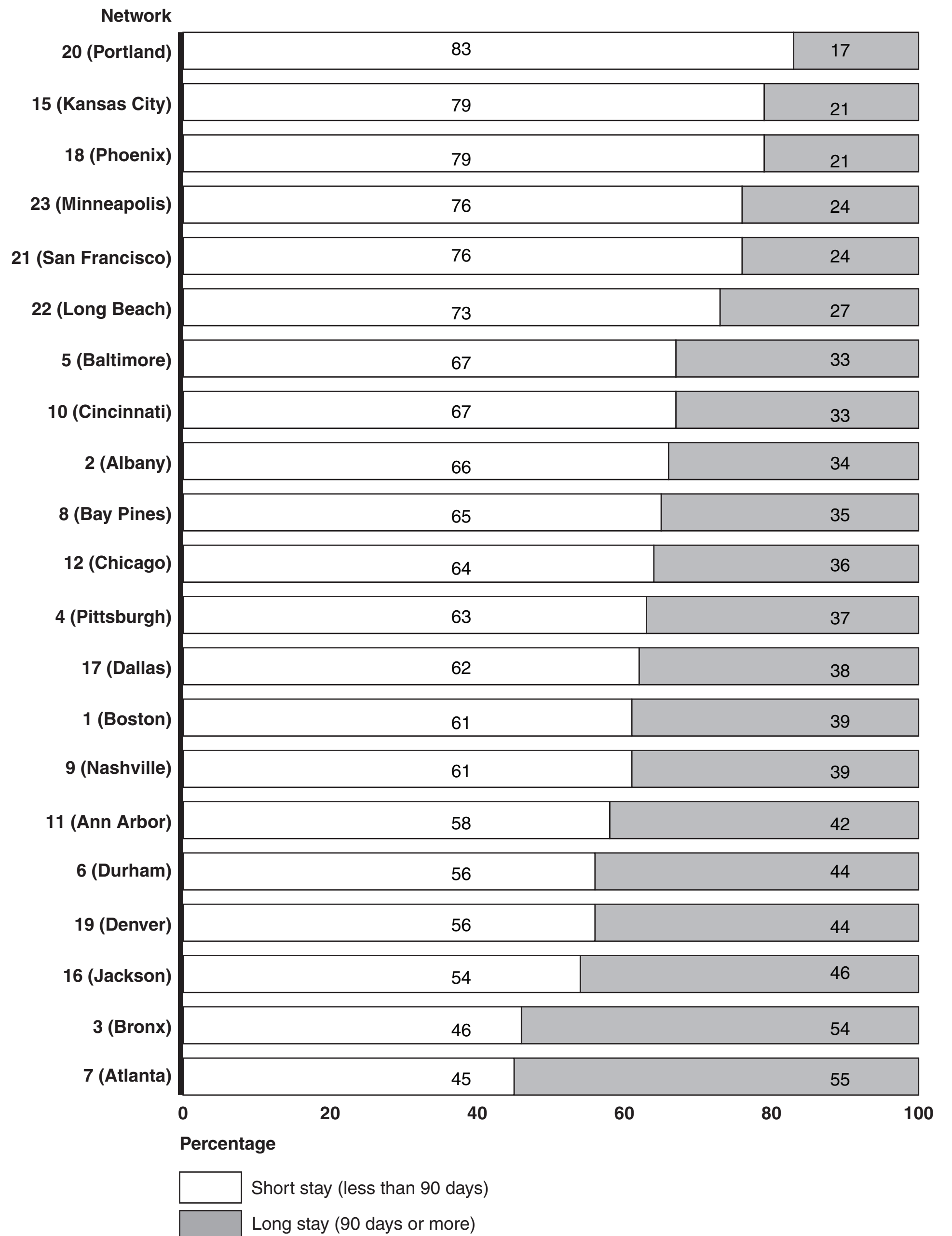


Source: GAO analysis of VA data.

Note: Nursing home stays are episodes of care where veterans receive nursing home services in a VA nursing home. Nursing home stays do not reflect the total number of individual veterans treated in a VA nursing home because some veterans had multiple nursing home stays in a given fiscal year.

Networks vary widely, however, in the percentage of VA nursing home care that is long stay. The percentage of long stays in VA nursing homes ranged from a low of 17 percent in Network 20 (Portland) to a high of 55 percent in Network 7 (Atlanta). (See fig. 6.) Network 20 (Portland) officials told us that the focus of their VA nursing homes has changed from long-stay care to short-stay transitional and rehabilitative care and as a result they are serving more veterans with shorter lengths of stay. By contrast, Network 7 (Atlanta) officials told us that several of their nursing homes provide services that are consistent with long-stay nursing home care such as providing assistance to veterans who have difficulty performing some activities of daily living such as the inability to independently eat.

Figure 6: Percentage of Long- and Short-Stay Care in VA Nursing Homes by Network, Fiscal Year 2003



Source: GAO analysis of VA data.

Note: In January 2002 VA merged networks 13 and 14 to form a single network, Network 23 (Minneapolis).

VA lacks information on the amount of long- and short-stay nursing home care veterans receive in community and state veterans' nursing homes preventing it from strategically planning how best to use these nursing home settings at the national and network levels to enhance access to nursing home services. VA officials told us that while some of these data may be available at certain facilities because the facilities collect them for their own purposes, VA does not require state veterans' nursing homes and community nursing homes to provide billing or other information that identifies individual veterans on which length of stay could be calculated. VA collects information on the payments made to community nursing homes and state veterans' nursing homes, but does not collect the days of care a veteran receives or other individual information. VA officials told us that they receive and pay individual claims for some veterans in community nursing homes, but that in other cases VA pays for care provided by community nursing homes based on invoices, which aggregate information on the number of patients being treated by a nursing home.

VA officials told us that they are in the initial planning stages of redesigning a payment system to collect information by individual veteran in community nursing homes, but that the implementation of such a system could take several years. Once completed, VA officials expect the new system to collect and report data on the total number of days individual veterans receive in community nursing homes. VA does not currently have plans to collect such data for state veterans' nursing homes, but is exploring doing so.

About One-Fourth of Veterans Who Received Care in VA Nursing Homes Are Required to Be Served by the Millennium Act or VA Policy, but VA Lacks Comparable Information for Other Settings

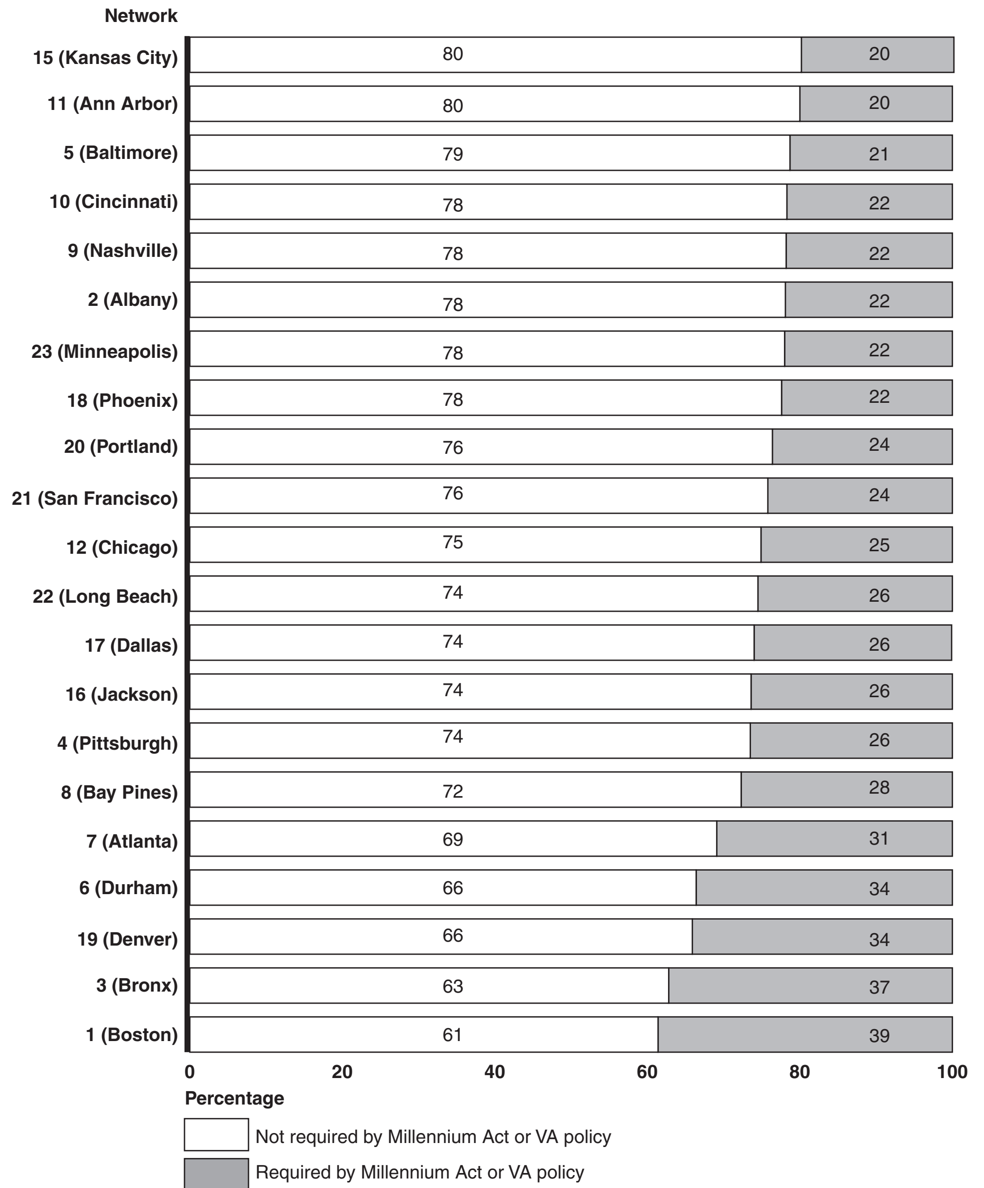
In fiscal year 2003, about 26 percent of veterans who received care in VA nursing homes are required to be served by the Millennium Act or VA's policy on nursing home eligibility. Of these veterans, about 21 percent are being treated under the Millennium Act because they have a service-connected disability rating of 70 percent or greater. The act also required that VA continue to treat veterans who had been receiving nursing home care in VA facilities at the time the law was enacted —about 4 percent of the veterans receiving care in fiscal year 2003 fell into this category.[17] Further, 1 percent of veterans in VA nursing homes are required to be served based solely on VA's policy on nursing home eligibility that extended required coverage to veterans with a 60 percent service-connected disability rating who also met other criteria.

However, the vast majority of veterans—about 74 percent in fiscal year 2003—received VA nursing home care as a discretionary benefit based on available budgetary resources. VA's policy on nursing home eligibility directs that for these veterans VA nursing homes admit, as a priority, patients who meet certain clinical and programmatic criteria: patients requiring nursing home care after a hospital episode, patients who VA determines cannot be adequately cared for in community nursing homes or home- and community-based care, and those patients who can be cared for more efficiently in VA nursing homes.

The percentage of veterans receiving VA nursing home care as required by the Millennium Act or VA's policy on nursing home eligibility varied widely across networks in fiscal year 2003. The percentage of veterans receiving this care ranged from a low of 20 percent in Network 15 (Kansas City) and Network 11 (Ann Arbor) to a high of 39 percent in Network 1 (Boston). (See fig. 7.) However, most networks were grouped closer to the lower range. Fifteen of VA's 21 health care networks had percentages of 26 percent or less. According to VA officials, the percentage of veterans that are required to be treated may be lower in some networks because networks may choose to pay for these veterans to receive care in community nursing homes. In contrast, some networks may prefer to treat these patients in VA nursing homes. For example, officials from Network 3 (Bronx), a network with the second highest percentage at 37 percent, told us that they prefer to treat these types of veterans in VA nursing homes because they have sufficient bed capacity.

[17]This category excludes veterans who were also eligible for nursing home care based on their service-connected rating and other statuses.

Figure 7: Percentage of Veterans Receiving VA Nursing Home Care as Required by Millennium Act or VA's Policy on Nursing Home Eligibility by Network, Fiscal Year 2003



Source: GAO analysis of VA data.

Note: In January 2002 VA merged networks 13 and 14 to form a single network, Network 23 (Minneapolis).

VA lacks comparable information for community nursing homes or state veterans' nursing homes on the percentage of veterans that are required to be served based on the Millennium Act or VA's policy on nursing home eligibility even though these settings combined accounted for 63 percent of VA's overall nursing home workload. The lack of such data prevents VA from strategically planning how best to use these nursing home settings at the national and network levels to enhance access to nursing home services. VA officials told us that while some of these data on eligibility status may be available at certain facilities because the facilities collect them for their own purposes, VA does not require that this information be collected and reported to headquarters. VA does not collect information by individual on all payments made to community nursing homes and state veterans' nursing homes. As a result, VA cannot match individual veterans' data from their payment system with data it currently collects on eligibility to determine the eligibility status of all veterans receiving contract care in community nursing homes and state veterans' nursing homes. VA officials told us this type of analysis could be done if a new information system for collecting contract payments is designed and implemented to collect and report such information.

Conclusions

Gaps in nursing home data impede VA's ability to monitor and strategically plan for the nursing home care VA pays for nationally and at the network level. The workload in state veterans' nursing homes and community nursing homes has grown to 63 percent of VA's overall nursing home workload. However, VA does not have data on length of stay and the eligibility status of veterans receiving care in these settings as it has for VA nursing homes. As a result, VA cannot strategically plan how best to serve veterans it is required to serve, including those who have a 70 percent or greater service-connected disability rating, or other veterans receiving care on a discretionary basis; nor can VA strategically plan how best to use the nursing home settings to provide long- and short-stay nursing home care nationally or in individual networks. Equally important, the lack of such data and assessments hampers congressional oversight of strategic options available to VA in its nursing home care planning and its progress in meeting veterans' needs.

Recommendations for Executive Action

To help ensure that VA can provide adequate program monitoring and planning for nursing home care and to improve the completeness of data needed for congressional oversight, we recommend that the Secretary of Veterans Affairs direct the Under Secretary for Health to take two actions:

- For community nursing homes and state veterans' nursing homes, collect and report data on the number of veterans who have long and short stays, comparable to data VA currently collects on VA nursing homes.
- For community nursing homes and state veterans' nursing homes, collect and report data on the number of veterans in these homes that VA is required to serve based on the requirements of the Millennium Act or VA's policy on nursing home eligibility, comparable to data VA currently collects on VA nursing homes.

Agency Comments and Our Evaluation

We provided a draft of this report to VA for comment. In commenting on the draft, VA stated that it concurred in principle with our recommendations. VA stated that it will continue its efforts to reduce data gaps in the community nursing home and state veterans home programs, but VA did not indicate specific plans to collect data on length of stay and eligibility for its long-term care planning process. Moreover, VA stated that data other than eligibility and length of stay, such as age and disability, are most crucial for its long-term care strategic planning and program oversight. We disagree with VA's position that eligibility and length-of-stay data are not considered most crucial and are concerned about VA's lack of specificity regarding its intent to utilize these data. While factors such as age and disability are generally recognized as important in projecting need for nursing home care, VA needs data on veterans' eligibility status and length of stay to determine what portion of the overall veteran need for nursing home care VA will meet nationally and in individual communities. Because VA is required to serve veterans that meet the requirements of the Millennium Act or VA policy, VA needs to project the number of these veterans seeking nursing home care from VA and determine the number of other veterans it will also serve on a discretionary basis after meeting this need. To strategically plan and provide the type of service needed in the future, VA must also project what proportion of veterans with different eligibility statuses will need short-stay or long-stay nursing home care. VA needs to use this information to determine if the nursing home care it currently pays for in VA nursing homes, contract community nursing homes, and state veterans' nursing homes is appropriately located and provides the type of nursing home care needed by veterans.

VA also noted that it is narrowing information gaps on both veterans' eligibility status and length of stay for veterans in its community and state veterans' nursing home programs by using data extracted from various sources to estimate these numbers. However, VA did not provide these data for our review. Given that the combined workload in these settings accounted for 63 percent of VA's overall nursing home workload in fiscal year 2003, we believe that complete information on veterans' eligibility status and length of stay for veterans in these settings is crucial for both strategic planning and program oversight.

VA noted that one of our statements—that about one-fourth of veterans receiving nursing home care are entitled to such care under the requirements of the Millennium Act—could be misinterpreted to imply that some of these "mandatory" veterans are being displaced by veterans receiving discretionary care. We did not imply this relationship, nor did our work examine this particular issue.

We are sending copies of this report to the Secretary of Veterans Affairs and appropriate congressional committees. The report is available at no charge on GAO's Web site at http://www.gao.gov. We will also make copies available to others on request.

If you or your staff have any questions about this report, please call me at (202) 512-7101. Another contact and key contributors are listed in appendix V.

Sincerely yours,

Cynthia A. Bascetta
Director, Health Care—Veterans'
Health and Benefits Issues

Appendix I: Objectives, Scope, and Methodology

We reviewed the Department of Veterans Affairs' (VA) nursing home program for fiscal year 2003 for VA nursing homes, community nursing homes, and state veterans' nursing homes to determine (1) VA spending to provide or pay for nursing home care, (2) VA workload provided or paid for, (3) the percentage of nursing home care that is long and short stay, and (4) the percentage of veterans receiving care that are required to be served by the Millennium Act or VA policy. To place this information in context, you asked us to supplement our findings with information for fiscal year 1998.

To address the first two objectives, we obtained data on nursing home workload and expenditures at the network level for fiscal years 1998 and 2003 from several VA headquarters offices. VA's Geriatrics and Extended Care Strategic Healthcare Group provided us workload data for VA nursing homes and community nursing homes, as reported in VA's Automated Management Information System. This group also gave us workload data from monthly reports completed by state veterans' nursing homes that were maintained at the VA medical centers. These data are used by the Geriatrics and Extended Care office to provide per diem grants to state veterans' homes. The Office of the Chief Financial Officer for the Veterans Health Administration (VHA) provided us expenditure data from VA's Cost Distribution Report for the nursing home care provided or paid for by VA.

To do our analysis, we used average daily census as a measure of workload. Average daily census is the total number of days of nursing home care provided in a year divided by the number of days in the year. For VA nursing home expenditures, we included the direct costs used to provide nursing home care plus other facility costs associated with operating the nursing home. VA nursing home expenditures excluded depreciation as well as VA headquarters and network administrative costs. To calculate community nursing home expenditures, we included all contract payments made to community nursing homes plus additional facility expenditures required to directly support the program at the local VA medical center. To calculate state veterans' home expenditures, we included per diem payments made to state veterans' nursing homes plus additional facility expenditures required to directly support the program at local VA medical centers. Expenditures for state veterans' homes did not include construction grants.

To determine the percentage of long and short stays in VA nursing homes in fiscal years 1998 and 2003, we obtained data on length of stay from VHA's Extended Care Patient Treatment Files. The Patient Treatment Files

include nursing home discharges for veterans who were discharged from a VA nursing home during a fiscal year, and current resident files for veterans who were not discharged by the end of a fiscal year. Using length of nursing home stay, we classified stays of 90 days or more as long stays and stays of less than 90 days as short stays. Length of stay is calculated as the number of days in a nursing home between the admission and discharge days and was given a minimum value of 1. The number of days absent from the nursing home, such as for a hospital stay, was subtracted from the length of stay. Because current residents were not discharged within the fiscal year, we calculated their lengths of stay by looking ahead into the next fiscal year. That is, we matched current residents with discharges in the next fiscal year to determine whether their stays were short or long. A current resident who was admitted on the last day of the fiscal year, for example, but was discharged after 90 days into the next fiscal year, was classified as having a long stay. If the same resident was discharged within 90 days of the next fiscal year, then the stay was classified as short. We classified nursing home stays as long for current residents who were not discharged in the next fiscal year. Our analysis for long- and short-stay care was based on nursing home stays rather than individual veterans because some veterans had multiple nursing home stays.

To determine the percentage of veterans in VA nursing homes receiving care that are required to be served by the Millennium Act or VA policy, we obtained individual data on eligibility for veterans enrolled in VA's health care system. VHA's Office of Policy and Planning provided us these data in an enrollment file for fiscal year 2003. We merged these data with the discharge and current resident files from VHA's Extended Care Patient Treatment Files in order to calculate the percentage of veterans receiving nursing home care that are required to be served in fiscal year 2003. Our analyses on eligibility are based on individual veterans rather than nursing home stays; because some veterans had multiple nursing home stays in a given year, we retained veterans' first nursing home stay and eliminated other stays in that year. We used a variable from VA's enrollment file that measures service-connected disability rating. In addition, we used variables from the file that measure whether the veteran is unemployable and whether the veteran is considered permanent and total disabled, based on disabilities not related to military service.

We included the following categories of veterans in our calculation to determine the percentage of veterans receiving nursing home care required to be served by the Millennium Act or VA's policy on nursing home eligibility: (1) veterans who had a service-connected disability rating

of 70 percent or more; (2) veterans who were admitted to a VA nursing home on or before November 30, 1999; and (3) veterans who had a service-connected disability rating of 60 percent and who were also unemployable or permanent and total disabled. We did not include in our estimate veterans VA is required to serve who need nursing home care because of a service-connected disability, but who do not have a service-connected disability rating of 70 percent or more. VA did not have data on these veterans, but a VA official estimated that this group is very small based on conversations with facility staff.

To supplement our knowledge of the type of nursing home care provided in VA networks, we visited two networks and five nursing homes. In Network 5 (Baltimore) we visited Washington, D.C.; Martinsburg, West Virginia; and Baltimore, Maryland. In Network 23 (Minneapolis) we visited St. Cloud, Minnesota; and Minneapolis, Minnesota. We selected these two networks because they were in different geographic regions and had variation in the types of care offered in their facilities. Within each network, we chose one nursing home that provided more long-stay nursing home care and another that provided more short-stay care.

We assessed the reliability of workload and expenditure data in VA's nursing home program, VHA's enrollment data file, and VHA's Extended Care Patient Treatment Files in several ways. First, we performed tests of data elements. For example, we examined the range of values for length of stay to determine whether these data were complete and reasonable. Second, we reviewed existing information about the data elements. For example, we obtained and reviewed information from VHA on data elements we used from VHA's Extended Care Patient Treatment Files. Third, we interviewed agency officials knowledgeable about the data in our analyses and knowledgeable about VA's nursing home program. For example, we sent network-specific nursing home workload and expenditure data provided to us by VA headquarters to each of VA's 21 health care networks through electronic mail in December 2003. Network officials reported whether these data were accurate and indicated where they found discrepancies. Through discussions with VA headquarters and network officials we resolved the discrepancies. We determined that the data we used in our analyses were sufficiently reliable for the purposes of this report.

We performed our review from January 2003 to November 2004 in accordance with generally accepted government auditing standards.

Appendix II: Changes in Percentage of Nursing Home Expenditures by Setting and Network, Fiscal Years 1998 and 2003

Network	Fiscal year 1998 total expenditures	Fiscal year 1998 percentage of total expenditures in each nursing home setting		
		VA nursing homes	Community nursing homes	State veterans' nursing homes
1 (Boston)	$109,377,623	53	31	16
2 (Albany)	63,014,011	82	12	6
3 (Bronx)	124,045,443	76	12	12
4 (Pittsburgh)	137,687,784	73	16	11
5 (Baltimore)	40,103,045	70	20	9
6 (Durham)	81,293,363	82	15	3
7 (Atlanta)	79,392,405	60	18	23
8 (Bay Pines)	88,228,833	83	15	2
9 (Nashville)	54,466,227	58	25	16
10 (Cincinnati)	71,896,679	74	18	7
11 (Ann Arbor)	77,163,729	72	12	16
12 (Chicago)	103,315,242	65	18	17
15 (Kansas City)	62,283,391	59	18	23
16 (Jackson)	101,425,232	61	14	25
17 (Dallas)	57,124,099	82	18	0[b]
18 (Phoenix)	57,216,391	74	17	9
19 (Denver)	51,508,938	75	9	16
20 (Portland)	60,569,408	59	27	14
21 (San Francisco)	77,213,692	72	21	7
22 (Long Beach)	78,414,772	73	24	3
23 (Minneapolis)	107,175,837	65	8	27
Total	**$1,682,916,144**	**70**	**17**	**13**

Source: GAO analysis of VA data.

Note: Changes in percentage of expenditures by setting may not equal the difference between fiscal years 2003 and 1998 totals because of rounding.

[a]Increase was less than 1 percent.

[b]Network 17 (Dallas) had no state veterans' nursing homes in fiscal year 1998.

[c]Decrease was less than 1 percent.

	Fiscal year 2003 percentage of total expenditures in each nursing home setting			Change in percentage of expenditures by setting, fiscal year 2003 compared to fiscal year 1998		
Fiscal year 2003 total expenditures	VA nursing homes	Community nursing homes	State veterans' nursing homes	VA nursing homes	Community nursing homes	State veterans' nursing homes
$136,122,953	65	16	19	12	-15	3
74,077,560	85	8	7	3	-4	1
152,483,201	82	2	16	6	-10	4
180,292,753	85	3	12	11	-12	1
64,659,735	85	9	6	14	-11	-3
110,469,579	88	6	6	6	-9	3
140,447,102	74	8	18	15	-10	-5
157,002,146	79	16	5	-4	[a]	3
63,764,289	53	24	23	-5	-2	6
97,699,712	81	9	9	7	-9	2
101,393,221	74	10	16	2	-2	[a]
138,884,538	73	10	17	8	-8	[a]
86,113,975	59	10	31	[a]	-8	8
144,733,884	61	10	29	[a]	-4	4
93,214,744	78	14	9	-4	-5	9
81,963,959	75	14	11	[a]	-3	3
50,110,475	47	26	28	-28	17	12
87,791,970	53	28	19	-6	[a]	5
116,215,532	82	13	5	10	-8	-1
105,809,650	74	23	3	1	-1	[c]
138,156,457	59	11	30	-6	3	3
$2,321,407,435	**73**	**12**	**15**	**3**	**-6**	**2**

Appendix III: Changes in Percentage of Nursing Home Workload by Setting and Network, Fiscal Years 1998 and 2003

Network	Fiscal year 1998 total workload	Fiscal year 1998 percentage of total workload in each nursing home setting		
		VA nursing homes	Community nursing homes	State veterans' nursing homes
1 (Boston)	2,291	27	20	53
2 (Albany)	910	58	14	28
3 (Bronx)	2,240	44	9	47
4 (Pittsburgh)	2,539	47	16	38
5 (Baltimore)	854	50	20	30
6 (Durham)	1,155	65	20	15
7 (Atlanta)	2,190	33	14	53
8 (Bay Pines)	1,358	69	23	8
9 (Nashville)	1,283	32	21	47
10 (Cincinnati)	1,274	52	20	28
11 (Ann Arbor)	1,670	39	13	49
12 (Chicago)	2,225	30	19	50
15 (Kansas City)	1,402	27	17	55
16 (Jackson)	2,910	26	13	61
17 (Dallas)	885	68	32	0[c]
18 (Phoenix)	945	47	18	35
19 (Denver)	1,026	38	9	54
20 (Portland)	1,196	29	24	47
21 (San Francisco)	1,269	49	21	30
22 (Long Beach)	1,071	49	36	15
23 (Minneapolis)	2,937	27	5	68
Total	**33,630**	**40**	**17**	**43**

Source: GAO analysis of VA data.

Note: Changes in percentage of workload by setting may not equal the difference between fiscal years 2003 and 1998 totals because of rounding. Network totals may not add to national totals due to rounding.

[a]Decrease was less than 1 percent.

[b]Increase was less than 1 percent.

[c]Network 17 (Dallas) had no state veterans' nursing homes in fiscal year 1998.

	Fiscal year 2003 percentage of total workload in each nursing home setting			Change in percentage of workload by setting, fiscal year 2003 compared to fiscal year 1998		
Fiscal year 2003 total workload	VA nursing homes	Community nursing homes	State veterans' nursing homes	VA nursing homes	Community nursing homes	State veterans' nursing homes
2,131	29	14	57	2	-7	5
759	55	11	35	-3	-4	7
2,006	38	2	60	-6	-7	13
2,314	48	5	46	2	-11	9
695	64	9	27	13	-11	-3
1,166	64	9	27	[a]	-11	12
2,116	36	8	56	3	-6	2
1,617	57	22	22	-12	-2	14
1,189	26	17	56	-6	-4	9
1,124	52	11	37	[b]	-9	9
1,601	39	11	50	[b]	-2	1
2,030	33	13	55	2	-7	4
1,714	19	10	71	-8	-7	15
2,929	25	9	66	[a]	-4	4
1,259	49	21	30	-19	-11	30
1,028	40	19	41	-7	[b]	6
995	22	19	59	-15	10	5
1,384	22	25	53	-7	1	6
1,225	56	16	28	7	-5	-2
1,007	39	36	25	-10	[a]	10
2,926	23	8	69	-3	3	[b]
33,214	**37**	**13**	**50**	**-3**	**-4**	**7**

Appendix IV: Comments from the Department of Veterans Affairs

THE SECRETARY OF VETERANS AFFAIRS
WASHINGTON

October 5, 2004

Ms. Cynthia A. Bascetta
Director
Health Care Team
U. S. Government Accountability Office
441 G Street, NW
Washington, DC 20548

Dear Ms. Bascetta:

The Department of Veterans Affairs (VA) has reviewed the Government Accountability Office's (GAO) draft report, ***VA LONG TERM CARE: Oversight of Nursing Home Program Impeded by Data Gaps,*** (GAO-04-1050). VA concurs in principle with GAO's recommendations. However, Veterans Health Administration (VHA) experience demonstrates that the availability of priority data elements other than length of stay (LOS) and eligibility is far more crucial to VHA's planning process. This is discussed further in the enclosure.

VA will continue its efforts to reduce data gaps in the community nursing home and state veteran home programs, although VHA believes it is generating data that are most crucial to its planning and oversight efforts. VA appreciates the opportunity to comment on GAO's draft report.

Sincerely yours,

Anthony J. Principi

Enclosure

Enclosure

THE DEPARTMENT OF VETERANS AFFAIRS COMMENTS
TO GAO DRAFT REPORT

VA LONG TERM CARE: Oversight of Nursing Home Program Impeded by Data Gaps
(GAO-04-1050)

To help ensure that VA can provide adequate program monitoring and planning for nursing home care and to improve the completeness of data needed for congressional oversight, we recommend that the Secretary of Veterans Affairs direct the Under Secretary for Health to take two actions:

- **For community nursing homes and state veterans' nursing homes collect and report data on the number of veterans that have long- and short-stays, comparable to data VA currently collects on VA nursing homes.**

- **For community nursing homes and state veterans' nursing homes, collect and report data on the number of veterans in these homes that VA is required to serve based on the requirements of the Millennium Act of VA's policy on nursing home eligibility, comparable to data VA currently collects on VA nursing homes.**

Concur in Principle – However, VA believes the availability of other priority data elements is far more crucial to VA's Long Term Care strategic planning process.

Over the past year, the Veterans Health Administration (VHA) has extracted data from various sources to reduce these information gaps in the Community Nursing Home (CNH) and State Veterans' Home (SVH) programs. We now have social security information for both these programs and have length of stay (LOS) and eligibility information for the CNH program. Additionally, VHA has made progress this year in narrowing information gaps in CNH and SVH programs. Measuring LOS in CNH is now achievable and possible in SVH using proxy data. VHA believes that data integrity in MDS (Minimum Data Set) is highly variable at this time, however, as consistency in reporting improves, future information will also improve.

VHA's strategic planning process for nursing home care includes an actuarial estimate of demand adjusted to reflect policy considerations, followed by VISN analysis of workload and resource requirements necessary to meet the demand projections. VHA's projection of demand is based on the veteran enrollee population, stratified by age, gender, priority, disability, and marital status elements. Nationally recognized utilization rates are then applied to these elements to generate demand projections for nursing home care services. These projections are then adjusted by known veteran reliance factors, including priority

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Enclosure

THE DEPARTMENT OF VETERANS AFFAIRS COMMENTS
TO GAO DRAFT REPORT

VA LONG TERM CARE: Oversight of Nursing Home Program Impeded by Data Gaps
(GAO-04-1050)

care status, that best reflect nursing home care policy. Networks then use the national guidance to develop their own plans to assess current operating levels versus demand projections and the potential impact on the three VA sponsored nursing home care programs. Length of stay is not a particular element of this process.

VHA's most recent modeling effort included the latest available national long-term care survey information, which includes nursing home utilization rates and veteran enrollment characteristics. Additionally, VHA has established a working agreement with the Centers for Medicare and Medicaid Services for data to be used in a demonstration project that will link Medicare, Medicaid and VA data for those veterans with multiple eligibilities. This project, as well as new data availability, will provide VA with valuable information about veteran reliance on VA-supported nursing home care. Modeling efforts to predict future veteran demand for these services will also be improved as a result of these efforts.

The medical and social needs of our patients, more than their eligibility status or projected LOS, are the primary drivers of nursing home placement decisions. For example, a patient requiring skilled nursing or rehabilitative care following a stroke or surgery, is more appropriately placed in a VA nursing home care unit or in a community nursing home that offers the services that the patient requires. A stable patient who needs only supportive care and who desires to be close to home may be placed in a community or state home. The LOS and eligibility status, in these cases, is incidental. Eligibility status is also incidental, except for the small number of priority 1a veterans whose nursing home care is mandatory under the Millennium Act and VA policy.

GAO cites variability among VISNs in nursing home lengths of stay and in veteran priorities served. Given the availability of nursing home care options across the country (Medicare, Medicaid, and others), such differences are to be expected. GAO notes that one-third of VA nursing home care was long-stay (90 days or more) in FY 2003. This figure is based on a count of individual patients. In contrast, calculations based on the average daily census/patient days of care yield an eighty percent rate of long stay care in VA units. VA believes this shift is related to the greater availability of both state veterans' home beds that offer predominantly long term stays, and home and community based care, which help delay the need for nursing home care. When nursing home care is eventually needed, patient stays are normally shorter because the patient's health status has often deteriorated to the point that end-of-life care is then indicated.

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Enclosure

THE DEPARTMENT OF VETERANS AFFAIRS COMMENTS
TO GAO DRAFT REPORT

VA LONG TERM CARE: Oversight of Nursing Home Program Impeded by Data Gaps
(GAO-04-1050)

A final point in response to GAO's report is that GAO states about one-fourth of veterans receiving nursing home care are entitled to such care under the requirements of the Millennium Act. Such a statement could be misinterpreted to imply that some such "mandatory" veterans are being displaced by veterans receiving discretionary care. GAO has not provided any evidence of this, nor is VHA aware that this is the case.

In conclusion, VHA will continue its efforts to reduce data gaps in the community nursing home and state veterans home programs, although VA believes VHA is already generating those data that are most crucial to planning and oversight.

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Appendix V: GAO Contact and Staff Acknowledgments

GAO Contact

James C. Musselwhite, (202) 512-7259

Acknowledgments

In addition to the contact named above, Cheryl A. Brand, Pamela A. Dooley, and Thomas A. Walke made key contributions to this report.

Related GAO Products

VA Long-Term Care: More Accurate Measure of Home-Based Primary Care Workload Is Needed. GAO-04-913. Washington, D.C.: September 8, 2004.

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