



**Volume 5, Issue 2**  
*September 2005*

# VA HEALTH ECONOMICS BULLETIN

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## HERC Estimates Cost of VA Care

New data on 2004 VA health care costs are now available from HERC. This is the most recent year in a series of datasets that include the cost of every inpatient stay and outpatient visit provided by VA since 1997.

A key hurdle in preparing the 2004 estimates was the demise of the VA Cost Distribution Report. In past years, HERC used the CDR as the source of department-level cost data and then use average cost methods to estimate encounter-level costs. The DSS Monthly Product Cost Report (MPCR) replaced the CDR, but it does not distribute all capital and overhead costs to patient care departments. Consequently, we created a department-level cost dataset by summarizing the DSS National Data Extracts. One advantage of this approach is that the HERC Average Cost data now reconcile to the DSS NDEs for each medical center and at the national level. This means the two datasets are more comparable.

The 2004 HERC cost data take advantage of revisions to VA outpatient data made by VHA National Data Systems. The new outpatient file allows 20 procedure codes per encounter and permits repeated use of a code within an encounter. Users will need to use this revised 2004 outpatient NPCD visit file to access HERC cost estimates. The VA outpatient file formerly had a limit of 15 codes per visit, and did not repeat a procedure codes within an encounter. According to a HERC analysis, these limits excluded 12% of VA outpatient workload.

HERC also updated its person-level cost database. This dataset provides an annual total of HERC costs, with sub-totals by type of health care, as well as the annual total DSS pharmacy costs, for each user of the VA health system.

## New Report on Dialysis

HERC has prepared a new technical report on kidney dialysis treatment. Entitled *Dialysis Treatment Use and Costs Reported in VA Administrative Databases*, it shows how to locate dialysis treatment records in national VA databases. It reviews the implied cost of dialysis reported by each source, discusses why they disagree, and offers suggestions for determining an average cost.

VA pays for more than 200,000 dialysis treatments each year, but there is no centralized file that tracks this life-saving therapy. Instead, researchers must comb through a large number of separate files, each with conflicting records of the frequency and cost of treatment.

The new technical report provides a detailed look at how dialysis is reported in traditional utilization databases, in prosthetics records, and through non-VA care paid by VA. The report calculates the average cost (per hour or per encounter) in each source. Because the implied averages differ considerably across sources, the report recommends a range of values that may be considered as average.

The report ends with recommendations to researchers wishing to study dialysis. They include tips on finding dialysis in utilization files, finding dialysis performed outside VA, and considerations for sensitivity analysis.

The report is available on the HERC web site at [www.herc.research.med.va.gov/tech\\_report\\_17.pdf](http://www.herc.research.med.va.gov/tech_report_17.pdf).

## HERC Updates DSS Guide

**A**n updated guidebook on VA Decision Support System cost data is now available from HERC. The DSS files report the cost of individual VA hospital stays, outpatient visits, and costs incurred each day in the VA pharmacy.

The updated guidebook describes new variables in the DSS extracts. Among these is enrollment priority, which provides the veteran's eligibility category. The DSS outpatient file now includes a count of days of stay and costs incurred in contract nursing homes and state veterans facilities. The file for the 2004 fiscal year reported details on \$697 million of this type of care.

Length of stay now appears in the DSS inpatient discharge file. The inpatient treating specialty file, which provides the cost incurred in each hospital bedsection, now includes variables for age and gender.

The DSS files are known as National Data Extracts, as their data are extracted from the DSS production data system of each VA medical center. The guidebook includes appendices with formats associated with variables for provider type, veteran eligibility category, discharge type, and discharge disposition. The updated guidebook is available for download at the HERC web site [www.herc.research.med.va.gov](http://www.herc.research.med.va.gov).

## Staff Update

**Patsi Sinnott, PT, PhD., MPH**, joined HERC in July as a Health Economist. Most recently Patsi was a Senior Manager at the Pacific Business Group on Health in San Francisco, where she managed an initiative to measure physician performance for use in quality and efficiency performance-improvement initiatives. She was a practicing physical therapist prior to returning to graduate school and has particular interest in the economics of rehabilitation and workers' compensation. During her free time Patsi enjoys keeping up with her three girls (two in college, one finished), hiking and biking in the Bay Area, traveling, and cooking (often for large crowds of friends).

**Adam Chow, B.A.**, joined HERC in April as a Research Health Science Specialist. He previously worked as an independent consultant, analyzing utilization data and SAS programming, for a provider in Marin County. Prior to that, Adam worked in Actuarial health care consulting, as well as for several carriers where he priced health plans.

**Samuel King, M.S., M.Div.**, joined HERC this past April as a Research Health Science Specialist. Sam brings to HERC a broad knowledge of the VA Palo Alto Health Care System along with experience managing and analyzing human clinical trial data in the health care, biopharmaceutical and contract research organization industries. In his spare time, Sam actively serves in his church as a teacher, a musician and a commissioned Stephen Minister, and also enjoys playing the French horn in the award-winning Menlo Brass Quintet.

**Andrea Shane, B.A.**, joined HERC in August as a Research Assistant. Since earning degrees in psychology and Spanish from Kansas State University, Andrea has taught at a San Francisco business and language institute. She has studied in Argentina and Mexico and speaks Spanish fluently.

# KLFMenu and the FCDM: Web-Based Tools for Accessing Summary Data

*This article briefly describes two important tools for accessing VA data via the internet: the KLFMenu and the Financial and Clinical Data Mart (FCDM).*

## Contents

KLFMenu is the nickname of the VISN Support Services Center (VSSC) web site. It provides menu-driven access to major financial and utilization databases. Through a graphical interface, KLFMenu enables users to calculate simple descriptive statistics without knowledge of programming languages or an Austin Automation Center (AAC) account.

KLFMenu users have access to dozens of financial and clinical databases, including those most often used by researchers: DSS National Data Extracts (NDEs) and ALBCC reports, the Financial Management System (FMS), the Cost Distribution Report (CDR) and its successor, the Monthly Program Cost Report (MPCR). New databases are added each year.

The VA Information Resource Center (VIREC) has prepared an illustrated guide to selecting data via KLFMenu. See *VIREC Insights* vol. 3, nos. 2 and 3. Both can be downloaded from [www.virec.research.med.va.gov/Referencs/VirecInsights/Index.htm](http://www.virec.research.med.va.gov/Referencs/VirecInsights/Index.htm).

A newer source of summary utilization and cost data is the Financial and Clinical Data Mart (FCDM). FCDM features summary data from common clinical and financial databases, such as DSS NDEs and ALBCC, FMS, and PAID (payroll data). The data are

stored in “cubes” and are accessed through a menu-driven system. The cubes typically cover FY02 or FY03 through the present.

KLFMenu and FCDM provide summary data at the level of station, VISN, or the national system. Users cannot see data on individuals, nor can they select data using ID numbers.

## Uses

KLFMenu features convenient access and a high level of granularity on utilization and cost. Managers can use this information to benchmark their own facilities against others and to track expenditures over time. Researchers can use KLFMenu to study how policy changes affect utilization. For example, suppose that a facility closed a substantial number of psychiatric beds. A KLFMenu user could develop a detailed pre/post analysis of utilization and cost in related clinics and bedsections.

FCDM is particularly useful for finding detailed cost data. For example, the outpatient DSS NDE data cube provides reports on the direct cost, indirect cost, and total cost per encounter and per patient. These are available by clinic (stop code) or for all outpatient clinics together. Often there are subcategories of spending within clinic stops (or bedsections, for inpatient care). The data may further be limited to a particular VISN or station.

Data accessed through KLFMenu is typically shown in fiscal-year-to-date format by month. To capture an entire fiscal year, the user must choose

“September”. We advise against the use of partial-year data. VA facilities make notable end-of-year adjustments to clinical and financial data. Partial-year data will lack these adjustments and may be biased as a result.

## Access

Use of KLFMenu and the FCDM is restricted to persons with authorized access to the VA intranet. Users must agree not to disclose confidential data inappropriately. The Information Security Officers at each VA station can explain the requirements for obtaining intranet access.

The URL of KLFMenu is restricted to VA employees. It is available on request from HERC or in the *VIREC Insights* issues noted earlier. The user supplies the VHA network (VISN) number, intranet username, and password to log in. The FCDM is accessed from the KLFMenu homepage by clicking on the menu option “Financial and Clinical Data Mart” and then on “VHA FCDM Cubes...” A separate intranet login will be required. Here the network number and username are combined into a single entry, separated by a forward slash.

## HERC Seminars Now Online!

HERC announces that its 2005 seminar and course presentations are available for free download from the HSR&D web site. Dozens of VA staff members have attended these Wednesday talks. For those who missed one, or who wish to review material, the complete presentations—both audio and video—can be downloaded and viewed at any time. HERC course lectures and monthly cyberseminars use WebEx technology. Participants hear the speaker through a conference call while viewing the visual presentation on their computer screens. The speaker advances the presentation slides centrally. Viewers ask questions via the telephone or submit them in real time through their computers. The WebEx system records the audio and visual aspects simultaneously. When replayed, the viewer hears and sees the presentation as it originally occurred.

The HSR&D cyberseminar web site is [www.hsr.d.research.va.gov/for\\_researchers/cyber\\_seminars](http://www.hsr.d.research.va.gov/for_researchers/cyber_seminars). There one can find a seminar schedule, register for a seminar, and see the archive of recordings. HERC also publishes a list of its cyberseminars and course lectures at [www.herc.research.med.va.gov/HealthEconomicsSeries.htm](http://www.herc.research.med.va.gov/HealthEconomicsSeries.htm).

The WebEx technology and HSR&D web site are hosted by CIDER, the newest HSR&D resource center. To learn about using WebEx, contact Laurel Long at [laurel.long@med.va.gov](mailto:laurel.long@med.va.gov).

## Recent Publications

### Employment Outcomes and PTSD Symptom Severity

M.W. Smith, P.P. Schnurr, R. Rosenheck (2005)  
*Mental Health Services Research* 7(2): 89-102

Posttraumatic stress disorder (PTSD) is a common ailment among combat veterans. Marked by emotional numbing, avoidance of social contact, and distressing memories, it often makes steady employment difficult to keep.

A recent VA trial, CSP #420, compared two forms of psychotherapy for severe PTSD. Participants were male Vietnam veterans receiving care at VA. Many did not work, or worked only part-time, although most had no major physical disabilities.

HERC economist Mark Smith teamed with CSP #420 investigators Paula Schnurr and Robert Rosenheck to study the relation of PTSD symptoms to work efforts. They found that even a modest decrease in PTSD symptoms was associated with a significantly greater chance of having any work and of working full-time. Among those who worked, symptom levels were related to work in certain occupations.

PTSD is a chronic illness for many veterans, and a cure is not in sight. The results of this study suggest that even a small improvement in symptoms could have a noteworthy effect on work effort, partly ameliorating one of the many consequences of this troubling condition.

### Behavioral Interventions and Cost-effectiveness Analysis

T.H. Wagner, M.K. Goldstein  
*Preventive Medicine, December, 2004* 39(6):1208-14

Todd Wagner and Mary Goldstein, in a recent paper in *Preventive Medicine*, show that behavioral interventions have some unique features that require special attention in a cost-effectiveness analysis. Studies, especially shorter ones, have a limited window in which to observe the intervention's effect on behavior change. Most analysts conducting cost-effectiveness analysis treat behavior change as a dichotomous outcome of "success" or "failure," ignoring partial behavior change, defined as moving someone towards changing his/her behavior, without reaching success at the end of the study.

Through an example, Drs Wagner and Goldstein show that ignoring this partial behavior change can bias the incremental cost-effectiveness ratio and lead to incorrect conclusions. They then discuss analytical methods for including stages of change, or similar behavior change models, in a cost-effectiveness analysis.