Outsourcing VA Inpatient Care: Impact on Utilization, Quality, and Policy

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BACKGROUND / RATIONALE:

Veterans Affairs Networks (VISNs) must develop novel strategies for financing and delivering health care. One such strategy may be to outsource certain services to the private sector. However, important baseline data for assessing the impact of outsourcing is not available

OBJECTIVE (S):

The immediate objective of the study was to examine the potential effects of outsourcing Veterans Affairs (VA) inpatient care and to develop a conceptual framework for evaluating outsourcing. The long-term objective was to build capacity in Health Service Research & Development (HSR&D) at the Iowa City Veterans Affairs Medical Center (VAMC) and the former VISN 14.

METHODS:

The study had five aims: Aim 1 examined changes in length of stay in during 1994 through 1999 for 10 high-volume diagnoses in VA and private sector hospitals and involved analysis of VA and private sector claims data. Aim 2 examined use of Medicare services by VISN 14 patients in 1998. Aim 3 compared diagnosis-based (Adjusted Clinical Groups [ACGs]) and pharmacy-based (Chronic Disease Index [CDI]) methods of predicting resource utilization in a VISN 14 primary care population. Aim 4 examined the impact of outsourcing on veterans' affiliative identity with the VA, using focus groups. Aim 5 identified variations in the use of outsourcing and insourcing by VA facilities for patients undergoing coronary artery bypass graft surgery (CABG).

FINDINGS / RESULTS:

Length of stay was higher in VA than in private sector hospitals during 1996 to 1999, after adjusting for the higher comorbidity of VA patients (Aim 1). However, the difference declined from 28% in 1996 to 17% in 1999. More than two-thirds of VISN 14 patients 65 years and older also used Medicare services in 1998 (Aim 2). ACGs more accurately predicted current and future year resource utilization than the CDI (Aim 3). Analyses of focus group data found that veterans perceived more advantages to outsourcing than disadvantages but still expressed significant

concerns, including meeting the special mental health needs of veterans (particularly those with post traumatic stress disorder [PSTD]), discomfort with using a new health care system, possible discrimination, and creating a sense of abandonment and betrayal resulting from a broken covenant (Aim 4). Referral patterns for patients with coronary artery bypass surgery and the variation in private sector contracting across individual VISNs have been determined (Aim 4). Roughly half of VA patients undergo CABG in a VA hospital that is not their primary service facility (insourcing), while 2% are outsourced to private sector hospitals (Aim 5). The extent of outsourcing markedly varied across individual VA facilities-from 0% to nearly 80%.

STATUS:

This project is completed.

IMPACT:

The current findings highlight the potential viability of outsourcing inpatient care and/or specific clinical services as a strategy for optimizing the effectiveness and efficiency of VA care. The study may have particular relevance to efforts such as the ongoing Capital Assets Realignment for Enhanced Services (CARES) initiative, which is seeking to realign facilities and services in ways that better meet patient needs and better use existing facilities. Findings further suggest that VA efforts in the mid 1990's to decentralize management, shift care to outpatient settings, and monitor inpatient utilization may have dramatically decreased inpatient length of stay and resultant costs of inpatient care.

PUBLICATIONS:

Journal Articles

1. Wahls TL, Barnett MJ, Rosenthal GE. Predicting resource utilization in a Veterans Health Administration primary care population: comparison of methods based on diagnoses and medications. Medical Care 2004; 42: 123-128.

2. Wahls TL, Rosenthal G, Barnett MJ. Predicting Resource Utilization in a Veterans Health Administration Primary Care Population: Comparison of Methods Based on Diagnoses and Medications. UI Research Day. Iowa City, IA 2003.

3. Wahls TL, Rosenthal G, Barnett MJ. Predicting Resource Utilization in a Veterans Health A Administration Primary Care Population: Comparison of Methods Based on Diagnoses and Medications. Midwest Society of General Medicine Annual Meeting. Chicago, IL 2003.