



Highlights of [GAO-09-145](#), a report to the Chairman, Committee on Veterans' Affairs, House of Representatives

## Why GAO Did This Study

In fiscal year 2007, the Department of Veterans Affairs (VA) spent about \$4.1 billion on long-term care for veterans. VA provides—through VA or other providers—institutional care in nursing homes and noninstitutional care in veterans' homes or the community. In response to a statute, VA published in 2007 a long-term care strategic plan through fiscal year 2013. VA includes long-term care spending estimates in its annual budget justifications for Congress. These estimates are based on workload projections—the amount of care to be provided—and cost assumptions. VA has discretion in allocating appropriated funds among its medical services, such as long-term care. GAO examined (1) VA's reporting of planned workload in its 2007 long-term care strategic plan and (2) VA's long-term care spending estimates, including its cost assumptions and workload projections, in VA's fiscal year 2009 budget justification. GAO analyzed budget and planning documents and interviewed VA officials.

## What GAO Recommends

GAO recommends that VA add certain workload information to its next long-term care strategic plan, and use, in its budget justifications, assumptions and projections in line with recent experience, or report why not. VA supports GAO's conclusion that its long-term care strategic planning and budgeting should be clarified. VA did not comment on the recommendations, but said it will provide an action plan in response to the final report.

To view the full product, including the scope and methodology, click on [GAO-09-145](#). For more information, contact Randall B. Williamson at (202) 512-7114 or [williamsonr@gao.gov](mailto:williamsonr@gao.gov).

# VA HEALTH CARE

## Long-Term Care Strategic Planning and Budgeting Need Improvement

### What GAO Found

In its 2007 long-term care strategic plan, VA reported planned increases for some long-term care workload, but the workload information VA provided for both nursing home and noninstitutional care was incomplete. With respect to nursing home care, VA reported plans to increase workload for certain veterans for whom VA is required to provide such care. However, VA did not report its nursing home workload plans for most veterans VA currently serves—veterans who receive such care from VA on a discretionary basis and who accounted for over three-fourths of VA's nursing home workload in fiscal year 2007. Although not reported in its strategic plan, VA's intention is to keep its total nursing home workload stable. Doing so while increasing workload for veterans VA is required to serve would reduce care provided on a discretionary basis. For noninstitutional care, VA reported plans to increase workload to close gaps in services—previously identified by GAO—for enrolled veterans, for whom those services are to be available. But VA's plan did not report the magnitude of this planned increase—167 percent between fiscal years 2007 and 2013—or VA's time frame for achieving this planned increase. Currently, VA is developing its next long-term care strategic plan.

In its fiscal year 2009 budget justification, VA estimated that it will increase its long-term care spending over its fiscal year 2008 level, but this estimate is based on cost assumptions and a workload projection that appear unrealistic. VA estimated that spending for both nursing home and noninstitutional care will increase in fiscal year 2009 by about \$108 million and \$165 million, respectively. However, VA may have underestimated its nursing home spending because it assumed nursing home costs would increase about 2.5 percent, an amount that appears unrealistically low compared to VA's recent experience and other indicators. For noninstitutional care, VA proposed a spending increase in order to partially reduce gaps in services. However, VA's estimated noninstitutional spending for fiscal year 2009 appears to be unreliable, because it is based on a cost assumption that appears unrealistically low and a workload projection that appears unrealistically high, given recent VA experience. The net effect of these two factors on VA's fiscal year 2009 noninstitutional spending estimate is unknown. VA's fiscal year 2009 budget justification did not explain the rationale behind its nursing home and noninstitutional cost assumptions or its plans for how it will increase noninstitutional workload.

Because the workload information reported in VA's long-term care strategic plan is incomplete, the plan is of limited usefulness to Congress and stakeholders for determining VA's strategic direction, the extent to which VA's priorities are consistent with congressional priorities, and the level of resources VA may need to achieve its strategic plan goals. In addition, in its fiscal year 2009 budget justification, VA's use, without explanation, of cost assumptions and a workload projection that appear to be unrealistic raises questions about both the reliability of VA's spending estimates and the extent to which VA is closing gaps in noninstitutional long-term care services.