VETERANS HEALTH CARE

Health Security Act	Proposed/Enacted
Eligibility/Enrollment[1] (Sec. 1811–13): All veterans, and certain dependents and survivors of service-connected veterans, would be eligible to select a VA health plan for coverage, and would receive all services included in the comprehensive benefits package, in addition to benefits provided under current law. The Secretary would also have the authority to enroll family members of veterans.	Eligibility Reform/HR 3118 (passed Congress 9/28/96) removes restrictions to outpatient services, making it possible for VA to provide comprehensive health benefits to all of its patients and to de-emphasize inpatient care. Also authorizes VA to treat non-veterans in under-utilized facilities.
Third party payments: VA could retain payments from third parties and use those funds to provide health care.	HR 3118 allows VA to receive and retain payments from non-federal third parties for care provided to DoD beneficiaries or when care provided to non-veterans.
Medicare Subvention (Sec. 1832): VA could retain Medicare reimbursement for care furnished to Medicare-eligible veterans.	The President proposed the "veterans Medicare Reimbursement Model Project Act of 1996" to test Medicare subvention at a limited number of sites. While several proposals were looked at, Congress failed to act on legislation this session.
Contracting (Sec. 1833): VA health plans would have expanded authorities to enter into contracts and sharing agreements for the furnishing of services to enrollees. Certain statutory restrictions on contracting for services at VA facilities would be inapplicable to VA health plans.	HR 3118 authorizes VA to buy health care services when Department facilities cannot provide such services economically. Authorizes the Secretary to make acquisition policies as needed to provide such services. Greatly expands the range of partners with whom VA may contract.

1. Today, eligibility for VA health care is based on disability rating, income, and type of care needed.
-Any veteran with a service-connected disability (rated 0–100%) can receive hospital care for any illness.
-Any veteran with a service-connected disability rated 50% or more can receive outpatient care for any illness.

-Any veteran with a service-connected disability rated 30-40% can receive outpatient care for that disability, plus any care to prevent a hospital stay.
-Any veteran with a service-connected disability rated 0-20% can receive outpatient care for that disability only.
-If the veteran has no service-connected disability, but satisfies means-tested requirements, then s/he can receive hospital care for any illness but can receive outpatient care only to prepare for a hospital stay or obviate the need for a hospital stay.
All other veterans may receive inpatient care on a space and resource-available basis (and may receive outpatient care only to prepare for a hospital stay or obviate the need for a hospital stay, also on a space and resource-available basis).

VETERANS HEALTH CARE PROVISIONS IN THE HEALTH SECURITY ACT (H.R. 3600/S. 1757)

VA PARTICIPATION

The Health Security Act (H.R. 3600/S. 1757) provides for the Department of Veterans Affairs (VA) to maintain an independent VA health-care system and for that system to be a full participant in the new national health-care arena.

The bill would add to title 38, United States Code, a new chapter 18 for the operation of VA programs in the context of the new national system. Under chapter 18, VA would establish VA health plans as an enrollment choice for all veterans, and the Secretary would prescribe regulations establishing standards for the operation of facilities under VA health plans.

ENROLLMENT

All veterans would be eligible to select a VA health plan for their guaranteed, comprehensive coverage under the Health Security Act. CHAMPVA beneficiaries (certain dependents of veterans who have service-connected disabilities rated totally and permanently disabling and survivors of those who died either while so disabled or as a result of service-connected disability) would also be eligible to enroll in VA. Also, the Secretary would be authorized to enroll family members of veterans and of CHAMPVA beneficiaries who choose to enroll in the VA (and the Secretary has announced that he will exercise that authority).

All regional alliances will be required to offer the VA plan. Veterans who work for large corporations that operate their own corporate alliances would be eligible to enroll in VA Plans through regional alliances.

BENEFITS

VA will provide to all veterans who choose a VA health plan all services included in the comprehensive benefits package that the Health Security Act guarantees to all legal residents. This will ensure that all veterans receive a full continuum of inpatient and outpatient care that is not available to many veterans under current law.

In addition, veterans will retain any VA eligibility that they have under current law for benefits not included in the President's comprehensive benefit package (e.g., long-term mental health care and nursing home care and eyeglasses in certain cases). VA will also be able to offer, in exchange for premium payments, supplemental benefits not included in the comprehensive package.

FREE CARE

All service-connected disabled veterans, low-income veterans, and ex-POW veterans who choose a VA health plan will receive the comprehensive benefits package totally free; they will pay no premiums, no copayments, no deductibles. For the great majority of these veterans, this will constitute a vast expansion of VA preventive and outpatient care benefits and elimination of the current VA medication copayment requirements.

These service-connected veterans would include all veterans with a service-connected disability, more than 3 million veterans. Currently, low-income veterans include all veterans with annual incomes below the following levels: $19,912 for a veteran with no dependents and $23,896 for a veteran with one dependent, with $1,330 more allowed for each additional dependent. There are an estimated 6.8 million veterans who would qualify for free care on this basis (including some number of service-connected veterans having dual eligibility under these criteria).

Other enrollees, including family members, would be required to pay cost shares (including any balance of premiums not paid by regional alliances, copayments and deductibles).

FISCAL MATTERS

VA will continue to receive appropriations to its medical care account. In addition, for the first time, VA will retain payments from third parties and use those funds to provide health care. VA will receive a premium payment from a regional alliance for each veteran covered by that alliance who chooses to enroll in a VA plan. In the case of a self-employed service-connected veteran, VA would refund the premium to the veteran if he or she enrolls in a VA plan. Also, to the extent that VA appropriations actually cover the costs of care for a veteran for whom VA has received a premium, VA would remit the excess premium to the Treasury.

VA will also retain the copayments and deductibles it receives from higher-income, non-service-connected veterans, the premiums VA collects from the sale of supplemental benefits, and the payments it receives from other plans for the furnishing of care to other plans' patients.

All regional alliances will be required to accept, without negotiation, the VA Plan premium rate that VA establishes. Payments from a regional alliance will be 80 percent of the weighted average plan premium rate for all enrollees in the alliance and will be further risk adjusted according to rules to be established by the National Health Board and the regional alliances.

VA will also retain Medicare reimbursement for care furnished to higher-income Medicare-eligible veterans who have no service-connected disabilities. (VA health plans would be considered to be Medicare HMOs.)

All collections and reimbursements will be credited into a revolving fund. The VA will determine rules for management of the revolving fund. Use of a revolving fund will give VA maximum flexibility and makes this no-year money.

VA health plans will also be eligible, on the same basis as other plans and providers, to apply for grants from programs conducted by the Department of Health and Human Services under H.R. 3600/S. 1757.

In addition, the Health Security Act authorizes a $3.3 billion investment fund ($1 billion in FY 95, $0.6 billion in FY 96; and $1.7 billion in FY 97) for VA health plans.

ADMINISTRATIVE MATTERS

VA health plans will have expanded authorities to enter into contracts and sharing agreements for the furnishing of services to enrollees. Also, certain statutory restrictions on VA administrative reorganizations and contracting for services at VA facilities would be made inapplicable to VA health plans.

VA will have the authority to establish, whenever the Secretary considers it necessary to do so, alternative personnel systems or procedures for its employees working at facilities operating as or with health plans. In creating alternative systems or procedures, the Secretary must provide for veterans preference in a manner comparable to current veterans preference procedures.

VA will also have express authority to carry out promotional, advertising, and marketing activities using nonappropriated funds.

VA health-care facilities not operating as part of a VA health plan would continue to furnish health-care services under current law (i.e., chapter 17 of title 38). However, VA intends to include all of its facilities in VA health plans.