CHCS Center for Health Care Strategies, Inc.

Policy Brief

Veterans and the ACA: How Health Reform Boosts Eligibility for VA Health Care

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In 2014, the Affordable Care Act (ACA) will allow states to expand Medicaid eligibility to all non-elderly Americans with family income below 138 percent of the Federal Poverty Level (FPL). To maximize the number of uninsured who gain coverage and limit costs, states may wish to explore opportunities to match individuals with other sources of coverage for which they may be eligible. One segment of the uninsured population for whom high-quality health care coverage already exists is military veterans.

According to an Urban Institute study based on data from the 2010 American Community Survey (ACS), there are more than 12 million veterans under age 65 living in the United States, of which 1.3 million are uninsured.[1] Half of these uninsured veterans (632,000) report family income below 138 percent FPL, making them potentially eligible for Medicaid in 2014. Yet by virtue of their new Medicaid eligibility, these veterans may also be eligible for free or low-cost health care from the Department of Veterans Affairs (VA).

This Center for Health Care Strategies brief explores the interactions between the VA and Medicaid and highlights issues of eligibility, overlap, and access to health care through both agencies.

IN BRIEF

Under the ACA, states can expand Medicaid eligibility to all non-elderly adults with incomes below 138 FPL; this includes many currently uninsured military veterans. To maximize the number of uninsured who gain coverage in 2014 and limit state costs for the newly eligible after 2016, states can explore opportunities to match residents with other sources of coverage for which they may be eligible. Military veterans, 12 million of whom are currently uninsured, are one segment of the population for whom high-quality health care coverage already exists. This brief explores issues of eligibility, overlap, and access to health care through the Department of Veterans' Affairs and Medicaid. It offers states important factors to consider in determining how to best cover uninsured veterans.

Interaction of VA and Medicaid Health Care Eligibility Requirements

Eligibility for VA health care, which is unaffected by the ACA, is based on a combination of factors, including income, disability, and period of service. These criteria are used to classify veterans into eight priority groups used to match enrollment to available resources in the VA.[2] To apply, veterans must complete the Application for Health Benefits (VA Form 10-10EZ), which can be completed online, by phone, or in person at any VA facility.

If a veteran qualifies for Medicaid or has gross annual household income less than the VA national income threshold ($30,460 with no dependents in 2012, or approximately 270 percent FPL),[3] they are placed in priority group five and are eligible for health care with no co-pays for inpatient or outpatient care, and low co-pays for outpatient medication or extended care.[4] There are no premiums for veterans' health care. This means that low-income veterans may choose to enroll in either VA health care or Medicaid, or both.

Additionally, those veterans with service-connected disability ratings of at least 50 percent pay nothing for their care. Priority groups two through four, which includes veterans with disability ratings less than 50 percent, former prisoners of war, and Purple Heart recipients, also do not pay for inpatient or outpatient care, but may be required to pay for outpatient medication or extended care. Combat veterans returning from the wars in Iraq and Afghanistan are eligible for enrollment in priority group six for five years from their discharge from the military, and once enrolled can maintain their eligibility indefinitely.

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Copay Requirements for VA Health Care

Service	Copay	Medicaid-eligible veterans required to pay?[a]	Priority Groups required to pay[b]
Inpatient	$10/day + $1156 for first 90 days, + $578 after 90 days	No	7[c], 8
Outpatient Care	$15 Primary Care; $50 Specialty Care; $0 for x-rays, lab, immunizations, etc.	No	7, 8
Outpatient Medication	Priority Groups 2 to 6: $8 per 30-day supply, $960 annual cap Priority Groups 7 and 8: $9 per 30-day supply, no annual cap	Yes	2, 3, 5, 7, 8
Extended Care Services	Institutional Nursing Home Care Unit, Respite, Geriatric Evaluation: $0-97 per day. Non-Institutional Respite, Geriatric Evaluation, Adult Day Health Care: $15 Domiciliary: $5	Yes	4, 5, 7, 8

Source: 2012 Copay Requirements at a Glance, April 2012. Available at: http://www.va.gov/healthbenefits/assets/documents/publications/IB-10-431_Copay_Requirements_at_a_Glance.pdf.
[a] Veterans eligible for Medicaid are enrolled in Priority Group 5.
[b] Copay rules apply to Priority Group 6 if care or service provided is unrelated to VA's exposure treatment authorities.
[b] Priority Group 7 pays 20% of the inpatient copay rate.

Access to VA Health Care

Once enrolled, a veteran may receive care at any of the more than 1,200 VA health care facilities throughout the United States. These facilities fall into three general categories. Medical centers provide comprehensive services including primary care, women's health services, mental health services, pharmacy, and inpatient surgery and other specialty care. Community-Based Outpatient Clinics associated with the medical centers offer primary care and mental health services to veterans, making referrals to the medical centers for specialty care. The third category of facility, known as Vet Centers, offer veterans and their families individual, group, and family counseling as well as substance abuse assessment and referral, and help with applications for other veterans benefits. In case of emergency, the VA will pay for veterans' care at non-VA facilities until the veteran is stable enough for transfer to a VA facility.

State Considerations

As states prepare their eligibility systems and procedures for the 2014 Medicaid expansion, they may wish to consider implementing data matching and other programs to help identify veterans and inform them of the benefits available to them through the VA. Washington State uses the Public Assistance Reporting Information System (PARIS) to identify veterans enrolled in Medicaid and help them transition to VA benefits. This approach has saved the state over $30 million as of the end of FY 2011.[5] Another effort to identify veterans may include a specific question on eligibility forms that asks whether an applicant has ever served in the U.S. military, rather than relying solely on reports of alternate income that list the VA as a source.

Other questions states may consider when determining how best to cover uninsured veterans include:

1. What are the differences in the benefits available to veterans and the costs of those benefits to the individual if covered through the VA versus through Medicaid?

2. In which system will veterans experience fewer barriers to access?

3. What structures and processes are available, for example, through state agencies or Veteran Service Organizations, to connect veterans to care and facilitate the enrollment process?

4. Should veterans with families be encouraged to seek care at the VA, or remain under the same coverage as the rest of their family?

Conclusion

The ACA's Medicaid expansion has the potential to dramatically reduce the number of uninsured adults in the United States. By considering opportunities to connect uninsured veterans who become eligible for Medicaid with VA programs, states may be able to reduce state costs for this population, allowing access to coverage for other uninsured adults.

About the State Health Reform Assistance Network

The State Health Reform Assistance Network, a program of the Robert Wood Johnson Foundation, provides in-depth technical support to states to maximize coverage gains as they implement key provisions of the Affordable Care Act. The program is managed by the Woodrow Wilson School of Public and International Affairs at Princeton University. For more information, visit www.statenetwork.org.

About the Center for Health Care Strategies

The Center for Health Care Strategies (CHCS) is a nonprofit health policy resource center dedicated to improving health care access and quality for low-income Americans. CHCS works with state and federal agencies, health plans, providers, and consumer groups to develop innovative programs that better serve people with complex and high-cost health care needs. For more information, visit www.chcs.org.

About the Robert Wood Johnson Foundation

The Robert Wood Johnson Foundation focuses on the pressing health and health care issues facing our country. As the nation's largest philanthropy devoted exclusively to health and health care, the Foundation works with a diverse group of organizations and individuals to identify solutions and achieve comprehensive, measureable and timely change. For nearly 40 years the Foundation has brought experience, commitment, and a rigorous, balanced approach to the problems that affect the health and health care of those it serves. When it comes to helping Americans lead healthier lives and get the care they need, the Foundation expects to make a difference in your lifetime. For more information, visit www.rwjf.org.

Endnotes

[1] *Uninsured Veterans and Family Members: Who Are They and Where Do They Live?* The Urban Institute, May 2012. Available at http://www.urban.org/publications/412577.html

[2] For a full listing of VA Priority Groups, go to http://www.va.gov/healthbenefits/resources/priority_groups.asp

[3] VA Fact Sheet 164-10: VA National Income Thresholds. December 2011. Available at: http://www.va.gov/healthbenefits/assets/documents/publications/FS164-10.pdf

[4] Co-pays for outpatient medication are $8 per 30-day supply, with an annual maximum of $960; long-term care co-pays are up to $97 per day for inpatient, $15 per day for outpatient, and $5 per day for domiciliary care.

[5] "How PARIS Is Helping Veterans In Need," B. Allman, Kaiser Health News, November 9, 2011. Available at http://www.kaiserhealthnews.org/stories/2011/november/09/different-takes-bill-allman.aspx