

DEPARTMENT OF VETERANS AFFAIRS

REPORT TO CONGRESS ON LONG-TERM CARE PROJECTIONS

Report Language – In addition to the Long-Term Care reports requested in House Report 116-445, the Department is directed to prepare a report on the current and projected needs for VA long-term care programs, to include both institutional and noninstitutional care, and the workforce and cost estimates necessary to support it. This should include a cost-benefit analysis to determine the feasibility of incorporating assisted living models into VA's long-term care options. The report shall be provided to the Committees on Appropriations within 270 days of enactment of this Act. *Joint Explanatory Statement Accompanying P.L. 116-260, page 38*

Discussion:

This report comprises three parts:

- I. Current and Projected Needs for VA Long-term Care Programs: Institutional and Non-Institutional Care
- II. Cost-Benefit Analysis to Determine the Feasibility of Incorporating Assisted Living Models Into VA's Long-term Care Options
- III. Conclusion

I. Current and Projected Needs for VA Long-term Care Programs: Institutional and Non-Institutional Care

The Department of Veterans Affairs (VA), Veterans Health Administration (VHA) has provided a series of reports in fiscal year (FY) 2021 on selected aspects of long-term care services, to include “Long-term Care for Traumatic Brain Injury (TBI)” and “Long-term Care for TBI in Rural Settings.” This report takes a broader view of current and projected needs for Long Term Services and Supports (LTSS) for eligible Veterans enrolled in VA healthcare.

The fastest growing segment of the Veteran population are those Veterans over the age of 85. In addition, the percent of Veterans age 85 or older that are eligible for nursing home care will increase from 61,000 to 387,000, a nearly 535% increase, over the next 20 years. This group of Veterans include those rated with 70% or greater service-connected disability and Veterans in need of nursing home care for their service-connected disability.

Institutional Long-term Care

Nursing home (NH) workload for institutional Long-term Care (LTC) is projected to increase by 3.4%, while obligations for all institutional care is expected to increase by 17.3% between FY 2020-2023. The table below identifies average daily census, obligations and projections, with workforce costs included in obligations/projections.

Table 1. Institutional Care Current and Projected Needs

Needs	Average Daily Census	Obligations/Projections
Current Needs (FY 2020)	40,984	\$7,010,110,000
Projected Needs (FY 2023)	42,359	\$8,221,562,000

Source: FY 2022 Congressional Budget Request for the Department of Veterans Affairs

Non-Institutional Long-term Care

Non-institutional LTC workload is projected to increase by 82.8% between FY 2020-2023, as measured by clinic stops codes or procedure codes. Obligations for non-institutional LTC are expected to increase by 26.9% over this same period. As noted in the previous table above, workforce costs are included in obligations/projections.

Table 2. Non-Institutional Care Current and Projected Needs

Time	Clinic Stops/Procedures	Obligations/Projections
Current Needs (FY 2020)	10,547,711	\$3,038,411,000
Projected Needs (FY 2023)	19,281,510	\$3,856,189,000

Source: FY 2022 Congressional Budget Request for the Department of Veterans Affairs

VA is actively evaluating approaches to re-balance its investment in LTSS, shifting resources from NH to Home and Community Based Services (HCBS). States have demonstrated that well-targeted HCBS and other non-NH options can decrease reliance on NHs, while keeping NH beds available for those Veterans who need skilled nursing interventions in an institutional setting.

II. Cost-Benefit Analysis to Determine the Feasibility of Incorporating Assisted Living Models Into VA's Long-term Care Options

Advantages of Assisted Living

The advantages of Assisted Living (AL) include:

- Providing a less-costly alternative to NH care for Veterans who do not have family or other forms of support to remain safe at home;
 - Serving Veterans who do not require daily skilled nursing interventions; and
 - Serving Veterans who do not have cognitive or behavioral issues that require a level of staffing only available in NHs.

Approximately 5% of Veterans in Community Nursing Homes (CNH) at VA expense meet this description. The annual cost of a CNH placement was \$120,701 in FY 2020, compared to an average annual cost of \$51,600 for assisted living. For Veterans who meet the above criteria at the time of admission, VA would realize a potential nursing home cost avoidance of \$69,101 per placement per year.

Potential Assisted Living Barriers

It is important to consider any potential concerns or barriers associated with AL capabilities at a national level. To ensure Veterans' health and safety, VA would limit AL

coverage to only 30 States that provide regulatory oversight through Medicaid programs. VA relies on Medicare and Medicaid standards for LTSS programs. Given the care needs of the target population of AL, VA would not enter unregulated markets.

Additionally, similar to restrictions state programs must follow, VA is restricted by statute (38 U.S.C. 1730) from paying for the residential portion (room and board) of the service. Veterans would be required to pay for their room and board rate.

Feasibility of Incorporating AL Models into VA's Long-term Care Options

VA has evaluated the potential of incorporating AL models into VA's spectrum of long-term care services. Following this evaluation, VA concluded that it is not feasible to incorporate an AL model of care into VA's range of LTC services because it is not economically rational for the population of Veterans who are currently being placed in NHs. VA further concluded that Veterans would choose the more economically sound option of nursing home care at no cost, rather than choose an AL option and be required to pay room and board charges. Using an average daily cost for room and board, allowed by State Medicaid programs, a Veteran would be liable for \$14,600 annually for AL.

Table 3. Estimated Annual Cost of Room and Board for Veterans in Nursing Home and Assisted Living Care Settings Under VA Pay

Care Setting	Cost to Veteran
Nursing Home	\$0
Assisted Living	\$14,600

Source: State Medicaid Allowable Charge Letters for TBI Assisted Living

III. Conclusion

Veterans over age 85 are the fastest growing segment of the Veteran population; Veterans in this age group who have mandatory eligibility for nursing home care is expected to increase by approximately 535% over the next 20 years.

Assisted Living reduces nursing home utilization while assisting some Veterans in receiving services at a more appropriate level of care. VA will continue to explore potential options in meeting the needs of aging and disabled Veterans, including those over age 85.

Department of Veterans Affairs

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