

## STATISTICAL BRIEF #508

January 2018

### STATISTICAL BRIEF #508: Characteristics and Health Care Expenditures of VA Health System Users versus Other Veterans, 2014-2015 (Combined)

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#### Introduction

Based on data from the 2015 Medical Expenditure Panel Survey Household Component (MEPS-HC), nearly one-fifth of U.S. veterans' expenditures for health care was paid by the Department of Veterans Affairs (VA). In general, eligibility for VA-covered health care requires that a veteran have served in the military for at least 24 months, received an honorable discharge, and met certain criteria with respect to service-connected disability rating, income, and other factors.

Understanding differences between veterans who use the VA health system and those who do not can be helpful in the planning and targeting of health resources for the nation's veterans.<sup>1</sup> This Statistical Brief uses pooled data for 2014 and 2015 from the MEPS-HC to compare various demographic characteristics, health insurance status, and health expenditures (see Definitions for a description of "expenditures") of VA health system users (hereafter referred to as VA users) to other veterans who received only care that was not covered by the VA (hereafter referred to as non-VA users).

The estimates presented in this Brief are for the 91.9 percent of veterans in 2014-15 with medical expenditures (about 17.1 million persons on average per year),<sup>2</sup> of whom 37.1 percent were VA users and 62.9 percent were non-VA users. VA users are defined as those with some of their medical expenditures paid by the VA while non-VA users comprise veterans for whom none of their expenditures were paid by the VA in 2014-15. Only differences between these groups that are statistically significant at the 0.05 level or better are described in the text.

#### Findings

##### *Characteristics (table 1)*

Compared to non-VA users, VA users were more likely to be elderly (58.7 versus 51.1 percent), more likely to be non-Hispanic black (14.1 versus 9.6 percent) and less likely to be non-Hispanic white (75.3 versus 80.9 percent). Moreover, VA users were approximately twice as likely as their non-VA user counterparts to be poor/near poor (15.1 versus 7.9 percent) or low income (16.9 versus 7.9 percent) and twice as likely to be reported in fair or poor health (26.1 versus 12.7 percent). VA users were also more likely to live in nonmetropolitan areas (21.8 versus 15.5 percent of non-VA users).

##### *Health care expenditure levels (figure 1)*

The overall mean annual total health care expenditure per veteran in 2014-15 was \$9,338. However, mean expenditures were about 65 percent higher for VA users than non-VA users (\$12,411 versus \$7,525). Median expenditures (i.e., midpoint level) were substantially lower than means for both groups but nearly twice as large for VA users as non-VA users (\$5,360 versus \$2,777).

##### *Distribution of expenditures by type of service (figure 2)*

The proportion of total expenditures that was attributable to inpatient stays was higher for VA users than non-VA users (36.0 versus 25.0 percent). In contrast, the proportion of total expenditures attributable to prescribed medicines was lower for VA users than non-VA users (16.7 versus 23.8 percent). The proportion of expenditures attributable to other service categories (i.e., office-based, hospital outpatient, and other) was similar for the two groups.

##### *Health insurance coverage (figures 3a-3b)*

Among non-elderly veterans (i.e., those under age 65), VA users were less likely to have private insurance coverage than non-VA users (69.2 versus 91.1 percent) but were more likely to have public coverage (17.0 versus 4.3 percent for non-VA users) or be uninsured (13.7 versus 4.6 percent for non-VA users).

Among elderly veterans (i.e., those age 65 and older), VA users were more likely than non-VA users to have only Medicare coverage (33.7 versus 24.5 percent) and were less likely to have both Medicare and private insurance coverage (62.7 versus 72.6 percent).

##### *Distribution of expenditures by sources of payment (figure 4)*

In 2014-15, the VA paid for about one-third (34.0 percent) of aggregate expenditures for VA users. While Medicare paid for just over one-third of

#### Highlights

- VA users were more likely than non-VA users to be elderly, non-Hispanic black, lower income, in poorer health, and live in nonmetropolitan areas.
- Among veterans with medical expenses in 2014-15, mean annual total health care expenditures per veteran were about 65 percent higher for VA users than non-VA users.
- The proportion of total expenditures that was attributable to hospital inpatient stays was higher for VA users than non-VA users.
- In 2014-15, the VA paid for one-third of aggregate expenditures for VA users. While Medicare paid for similar proportions of expenses for both VA users and non-VA users, higher portions of non-VA users' expenditures were paid out of pocket or by private insurance.
- The proportion of total expenditures paid out of pocket was higher for non-VA users than for VA users.

<sup>1</sup> Veterans not covered by the VA system include those who are ineligible as well as those who are eligible but do not proactively enroll. Enrollees may or may not use the VA health care system in a particular year.

<sup>2</sup> Of the 8.1 percent of veterans excluded from the analysis, a small proportion (about 3.1 percent) received some health care but had no expenditures (i.e., no payments were made for the care received).

expenditures among both VA and non-VA users (36.6 and 39.5 percent, respectively), a substantially higher proportion of expenditures for non-VA users was paid by private insurance (41.0 versus 13.3 percent for VA users). Moreover, the proportion of non-VA users' expenditures that was paid out of pocket was twice as large as for VA users (14.6 versus 7.3 percent).

## Data Source

The estimates in this Statistical Brief are based on data from the MEPS 2015 Full Year Consolidated Data File (HC-181) and the MEPS 2014 Full Year Consolidated Data File (HC-171) combined (supplemented with information on location of residence obtained from restricted use geocoded files). These files are available at: [https://meps.ahrq.gov/mepsweb/data\\_stats/download\\_data\\_files.jsp](https://meps.ahrq.gov/mepsweb/data_stats/download_data_files.jsp).

## Definitions

### *Expenditures*

Expenditures include total direct payments from all sources to hospitals, physicians, home health providers (agency and paid independent providers), dental providers, pharmacies and other types of health care providers (e.g., physical therapists, chiropractors, optometrists, etc.), and miscellaneous expenses reported by respondents in the MEPS-HC (ambulance services and glasses). Expenditures for hospital-based services include those for both the facility and separately billed physician services.

### *Veterans with expenditures*

All sample persons who were reported as having been honorably discharged (HONRDC31=1 or HONRDC42=1 or HONRDC53=1) from active duty in the Armed Forces and having some medical expenditures during the year (TOTEXPy>0) were included in the analysis. These individuals were further classified as VA users or non-VA users as follows:

- *VA users*: Those with some payments made by VA/CHAMPVA for their care during the year (TOTVAyy>0).
- *Non-VA users*: Those with no payments made by VA/CHAMPVA for their care during the year (TOTVAyy=0).

### *Service type*

- *Office-based provider visits*: Expenses for visits to both physician and non-physician medical providers seen in office settings.
- *Hospital inpatient stays*: Room and board and all hospital diagnostic and laboratory expenses associated with the basic facility charge, payments for separately billed physician inpatient services, and some emergency room expenses incurred immediately prior to inpatient stays.
- *Hospital outpatient visits*: Expenses for visits to both physicians and other medical providers seen in hospital outpatient departments, including payments for services covered under the basic facility charge and those for separately billed physician services.
- *Prescribed medicines*: Expenses for all prescribed medications that were initially purchased or refilled during the year, as well as expenses for diabetic supplies.
- *Other includes*:
  - *Emergency room visits*: Payments for services covered under the basic facility charge and those for separately billed physician services, but excluding expenses for emergency room services that are included in a hospital inpatient admission.
  - *Dental visits*: Payments for services to any type of dental care provider, including general dentists, dental hygienists, dental technicians, dental surgeons, orthodontists, endodontists, and periodontists.
  - Expenses for home health care services and for miscellaneous medical equipment and supplies captured in the MEPS-HC.

### *Health insurance status*

Individuals under age 65 were classified in the following three insurance categories, based on household responses to health insurance status questions:

- *Any private health insurance*: Individuals who, at any time during the year, had insurance that provides coverage for hospital and physician care (other than Medicare, Medicaid, or other public hospital/physician coverage) were classified as having private insurance. Coverage by TRICARE (Armed Forces-related coverage) was also included as private health insurance. Insurance that provides coverage for a single service only, such as dental or vision coverage, was not included.
- *Public coverage only*: Individuals were considered to have public coverage only if they met both of the following criteria: 1) They were not covered by private insurance at any time during the year, 2) they were covered by any of the following public programs at any point during the year: Medicare, Medicaid, or other public hospital/physician coverage.
- *Uninsured*: The uninsured were defined as people not covered by private hospital/physician insurance, Medicare, TRICARE, Medicaid, or other public hospital/physician programs at any time during the entire year or period of eligibility for the survey.

Individuals age 65 and older were classified into the following three insurance categories, based on household responses to health insurance status questions:

- *Medicare and private insurance*: This category includes people classified as Medicare beneficiaries and covered by Medicare and a supplementary private policy.
- *Medicare and other public insurance*: This category includes people classified as Medicare beneficiaries who met both of the following criteria: 1) They were not covered by private insurance at any point during the year, 2) They were covered by one of the following public programs at any point during the year: Medicaid, other public hospital/physician coverage.
- *Medicare only*: This category includes people classified as Medicare beneficiaries but not classified as Medicare and private insurance or as Medicare and other public insurance. This group includes people who were enrolled in Medicare HMOs and people who had Medicare fee-for-service coverage only.

### *Sources of payment*

- *Out of pocket*: This category includes expenses paid by the user or other family member.
- *Private insurance*: This category includes payments made by insurance plans covering hospital and medical care (excluding payments from Medicare, Medicaid, and other public sources). Payments from Medigap plans or TRICARE (Armed Forces-related coverage) are also included.
- *Medicare*: Medicare is a federally financed health insurance plan for persons age 65 and older, persons receiving Social Security disability payments, and persons with end-stage renal disease. Medicare Part A, which provides hospital insurance, is automatically given to those who are eligible for Social Security. Medicare Part B provides supplementary medical insurance that pays for medical expenses and can be purchased for a monthly premium. Medicare Part D provides optional coverage for prescribed medicines.

- **VA:** This category includes payments from the Department of Veterans Affairs (except TRICARE) and includes CHAMPVA.
- **Other sources:** This category includes payments from Medicaid and CHIP which are means-tested government programs jointly financed by federal and state funds; other federal sources (Indian Health Service, military treatment facilities, and other care provided by the federal government); various state and local sources (community and neighborhood clinics, state and local health departments, and state programs other than Medicaid/CHIP); Workers' Compensation; various unclassified sources (e.g., automobile, homeowner's, or other liability insurance, and other miscellaneous or unknown sources); Medicaid/CHIP payments reported for persons who were not reported as enrolled in the Medicaid or CHIP programs at any time during the year; and private insurance payments reported for persons without any reported private health insurance coverage during the year.

#### Poverty status

Veterans were classified into the following four groups based on the percentage of the federal poverty level for total family income (which is adjusted for family size and composition):

- **Poor/Near poor:** Less than 125 percent of the federal poverty level
- **Low income:** 125 percent up to 200 percent of the federal poverty level
- **Middle income:** 200 percent up to 400 percent of the federal poverty level
- **High income:** Greater than or equal to 400 percent of the federal poverty level

#### Location of residence

Based on definitions for 2013 from the Office of Management and Budget, MEPS-HC respondents who resided in counties that were part of metropolitan statistical areas (MSAs) were classified as metropolitan area residents while those residing in counties designated as micropolitan or other noncore areas were classified as nonmetropolitan residents.

#### About MEPS-HC

MEPS-HC is a nationally representative longitudinal survey that collects detailed information on health care utilization and expenditures, health insurance, and health status, as well as a wide variety of social, demographic, and economic characteristics for the U.S. civilian noninstitutionalized population. It is cosponsored by the Agency for Healthcare Research and Quality and the National Center for Health Statistics.

#### References

The following publication contains extensive information on the demographics and health care needs of the current and future U.S. veteran population:

*Current and Projected Characteristics and Unique Health Care Needs of the Patient Population Served by the Department of Veterans Affairs.* Santa Monica, CA. RAND Corporation (sponsored by the Department of Veterans Affairs), 2015.  
[https://www.rand.org/pubs/research\\_reports/RR1165z1.html](https://www.rand.org/pubs/research_reports/RR1165z1.html)

The following reports contain information on the survey and sample designs for the MEPS Household and Medical Provider Components (HC and MPC, respectively). Data collected in these two components are used jointly to derive MEPS health care expenditure data:

Cohen, J. *Design and Methods of the Medical Expenditure Panel Survey Household Component.* MEPS Methodology Report No. 1. AHCPR Pub. No. 97-0026. Rockville, MD. Agency for Healthcare Policy and Research, 1997.  
[http://www.meps.ahrq.gov/mepsweb/data\\_files/publications/mr1/mr1.pdf](http://www.meps.ahrq.gov/mepsweb/data_files/publications/mr1/mr1.pdf)

Ezzati-Rice, T.M., Rohde, F., Greenblatt, J. *Sample Design of the Medical Expenditure Panel Survey Household Component, 1998-2007.* Methodology Report No. 22. March 2008. Agency for Healthcare Research and Quality, Rockville, MD.  
[http://www.meps.ahrq.gov/mepsweb/data\\_files/publications/mr22/mr22.pdf](http://www.meps.ahrq.gov/mepsweb/data_files/publications/mr22/mr22.pdf)

Machlin, S.R., Chowdhury, S.R., Ezzati-Rice, T., DiGaetano R., Goksel H., Wun L.-M., Yu W., Kashihara D. *Estimation Procedures for the Medical Expenditure Panel Survey Household Component.* Methodology Report No. 24. September 2010. Agency for Healthcare Research and Quality, Rockville, MD. [http://www.meps.ahrq.gov/mepsweb/data\\_files/publications/mr24/mr24.pdf](http://www.meps.ahrq.gov/mepsweb/data_files/publications/mr24/mr24.pdf)

Stagnitti, M.N., Beauregard, K., Solis, A. *Design, Methods, and Field Results of the Medical Expenditure Panel Survey Medical Provider Component (MEPS MPC)-2006 Calendar Year Data.* Methodology Report No. 23. November 2008. Agency for Healthcare Research and Quality, Rockville, MD.  
[http://www.meps.ahrq.gov/mepsweb/data\\_files/publications/mr23/mr23.pdf](http://www.meps.ahrq.gov/mepsweb/data_files/publications/mr23/mr23.pdf)

The following report contains information on the metropolitan/nonmetropolitan classification scheme used for this report:

Ingram, D.D., Franco, S.J. *2013 NCHS Urban-Rural Classification Scheme for Counties.* National Center for Health Statistics. *Vital Health Stat* 2(166). 2014.

#### Suggested Citation

Machlin, S. and Muhuri, P. *Characteristics and Health Care Expenditures of VA Health System Users versus Other Veterans, 2014-2015 (Combined).* Statistical Brief #508. January 2018. Agency for Healthcare Research and Quality, Rockville, MD.  
[http://www.meps.ahrq.gov/mepsweb/data\\_files/publications/st508/stat508.pdf](http://www.meps.ahrq.gov/mepsweb/data_files/publications/st508/stat508.pdf)

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AHRQ welcomes questions and comments from readers of this publication who are interested in obtaining more information about access, cost, use, financing, and quality of health care in the United States. We also invite you to tell us how you are using this Statistical Brief and other MEPS data and tools and to share suggestions on how MEPS products might be enhanced to further meet your needs. Please email us at [MEPSProjectDirector@ahrq.hhs.gov](mailto:MEPSProjectDirector@ahrq.hhs.gov) or send a letter to the address below:

Joel Cohen, PhD, Director  
Center for Financing, Access, and Cost Trends  
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**Table 1. Selected characteristics of veterans with health care expenses by VA user status, 2014-15 (combined)**

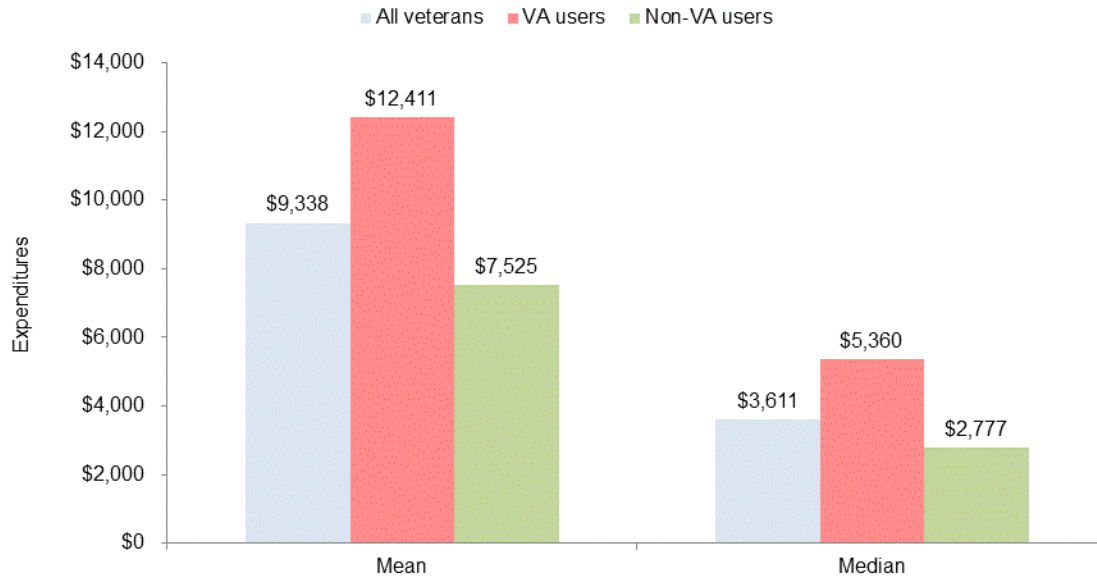
Characteristic	All veterans	VA users	Non-VA users
<b>Total</b>	100%	100%	100%
<b>Age</b>			
18-64 Years	46.1%	41.3%	48.9%
65+ Years	53.9%	58.7%	51.1%
<b>Gender</b>			
Male	91.5%	92.5%	91.0%
Female	8.5%	7.5%	9.0%
<b>Race/ethnicity</b>			
Hispanic	5.0%	5.6%	4.7%
White, non-Hispanic	78.8%	75.3%	80.9%
Black, non-Hispanic	11.3%	14.1%	9.6%
Asian, non-Hispanic	1.4%	0.9%	1.7%
Other, non-Hispanic	3.5%	4.2%	3.2%
<b>Poverty level</b>			
Poor/near poor	10.6%	15.1%	7.9%
Low income	11.2%	16.9%	7.9%
Middle income	27.5%	29.5%	26.4%
High income	50.6%	38.6%	57.8%
<b>Perceived health status</b>			
Fair/poor	17.7%	26.1%	12.7%
Good/very good/excellent	82.3%	73.9%	87.3%
<b>Location of residence</b>			
Metropolitan	82.1%	78.2%	84.5%
Nonmetropolitan	17.9%	21.8%	15.5%

Note: Percentages may not add to 100 because of rounding.

Source: Agency for Healthcare Research and Quality, Medical Expenditure Panel Survey, Household Component, 2014-2015.



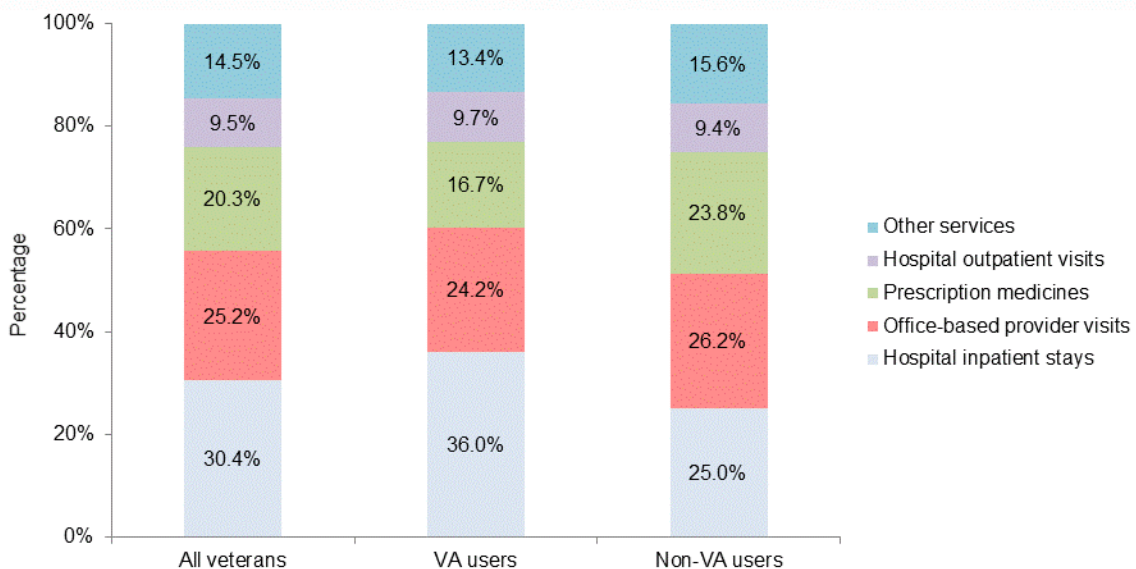
**Figure 1. Mean and median medical expenditures among veterans with some expenses by VA user status, 2014-15 (combined)**



Source: Agency for Healthcare Research and Quality, Medical Expenditure Panel Survey, Household Component, 2014-2015.



**Figure 2. Distribution of total medical expenditures by types of service according to VA user status, 2014-15 (combined)**

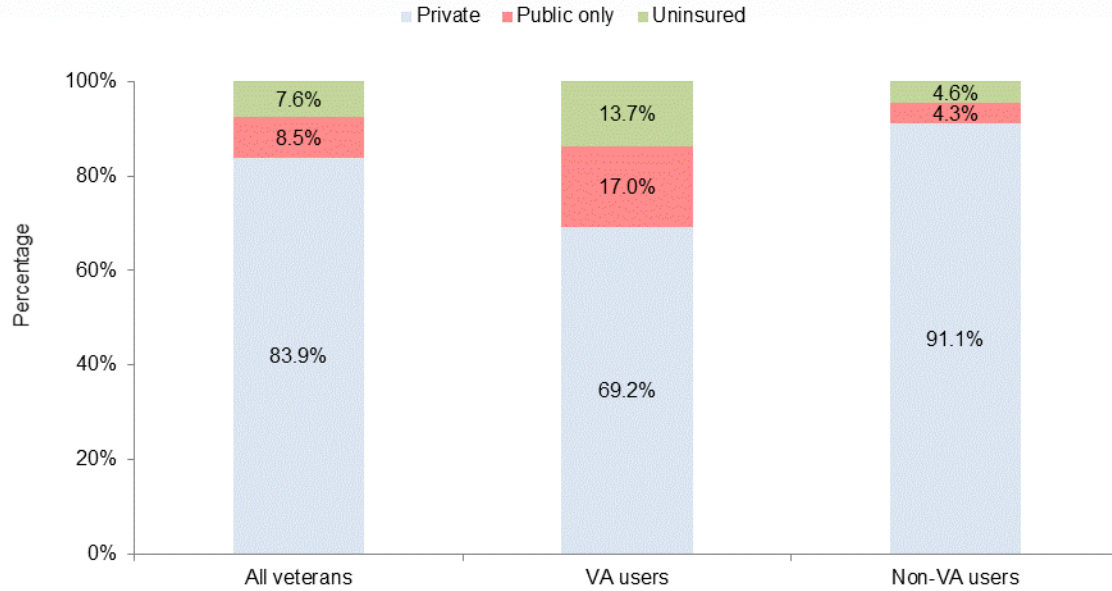


Note: Percentages may not add to 100 because of rounding.

Source: Agency for Healthcare Research and Quality, Medical Expenditure Panel Survey, Household Component, 2014-2015.



**Figure 3a. Insurance coverage of veterans under age 65 by VA user status, 2014-15 (combined)**

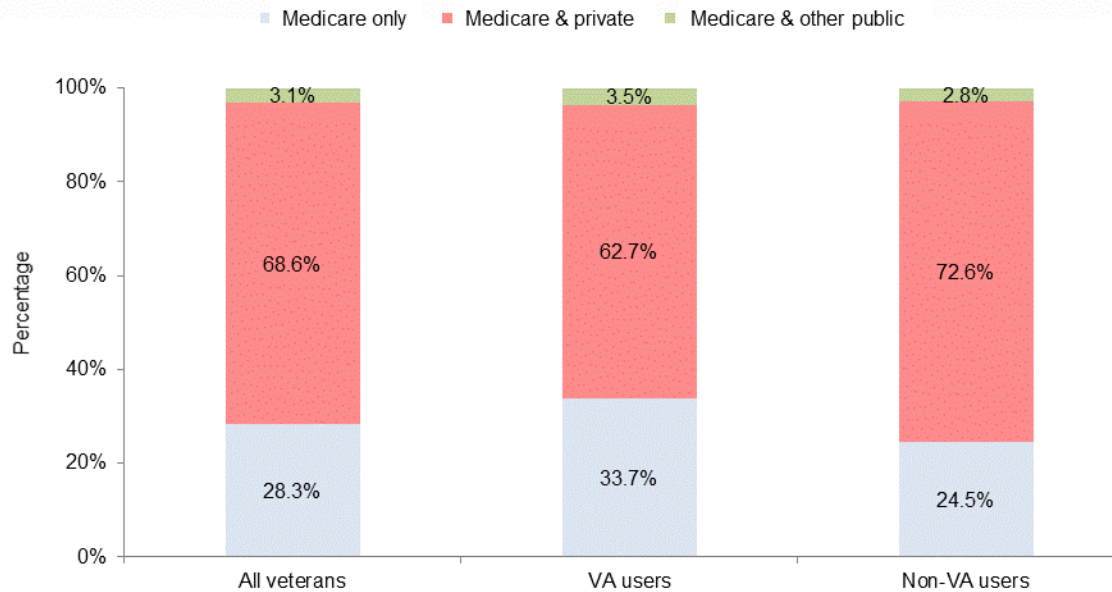


Note: Percentages may not add to 100 because of rounding.

Source: Agency for Healthcare Research and Quality, Medical Expenditure Panel Survey, Household Component, 2014-2015.



**Figure 3b. Insurance coverage of veterans age 65 and older by VA user status, 2014-15 (combined)**

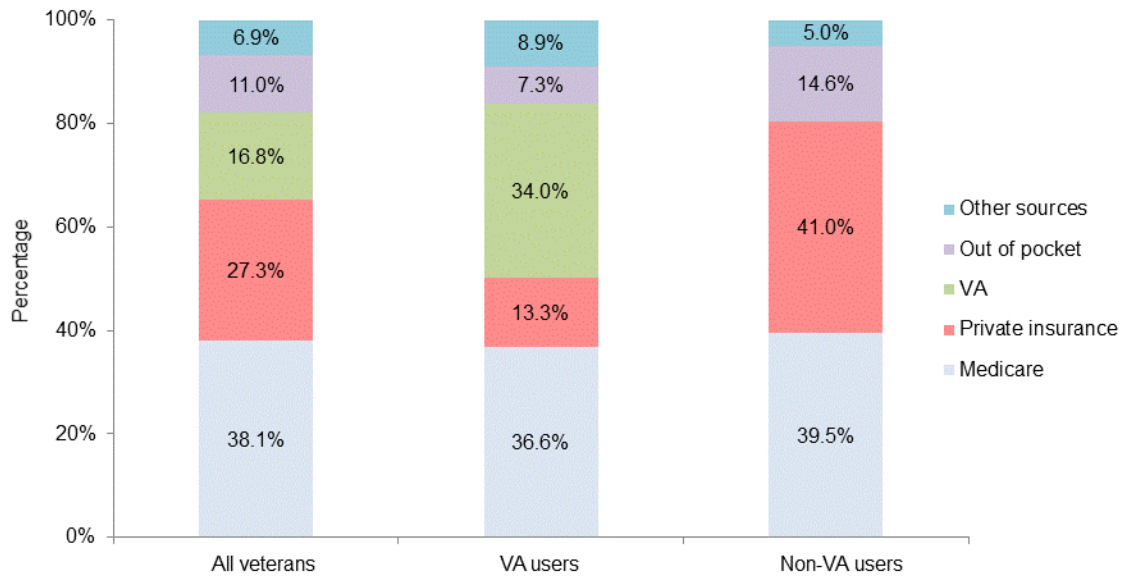


Note: Percentages may not add to 100 because of rounding.

Source: Agency for Healthcare Research and Quality, Medical Expenditure Panel Survey, Household Component, 2014-2015.



**Figure 4. Distribution of total medical expenditures by sources of payment according to VA user status, 2014-15 (combined)**



Note: Percentages may not add to 100 because of rounding.

Source: Agency for Healthcare Research and Quality, Medical Expenditure Panel Survey, Household Component, 2014-2015.