



Department of Veterans Affairs

VA CARE IN THE COMMUNITY:

**REQUEST FOR
CHOICE PROGRAM FLEXIBILITY
TO ADDRESS**

\$2.5 BILLION SHORTFALL IN FY 2015



Care in the Community

- For the past year, improving access to care has been among VA's top priorities, and we have made real progress.
- We continue to strive to meet the 30-day access goal for timely medical care – inside the VA and care in the community.
- Based on increased demand for health care, we are currently forecasting a shortfall of \$2.5 billion for FY 2015.
- VA is requesting an amendment to the Veterans Access, Choice and Accountability Act, Section 802, to provide resources that Congress provided for private-sector care to fund VA's Care in the Community.



VA Is Improving Veterans' Access to Care

Completed Appointments & Average Wait Times --

- Completed 7 million more appointments for care inside VA and in the community than in the previous 12 months.
- Average wait-time for completed appointments -
 - ✓ Four days for primary care
 - ✓ Five days for specialty care
 - ✓ Three days for mental health

Scheduled Appointments --

- Scheduled appointments inside VA are up 12%, and authorizations for VA Community Care are up 44%.
- 97% of appointments inside VA are completed within 30 days of the clinically indicated or Veteran's preferred date -
 - ✓ 93% within 14 days
 - ✓ 88% within 7 days
 - ✓ 22% of appointments are completed on the same day



VA Is Improving the Veteran Experience with Increased Access

Expanded Hours and Virtual Care Drive Down the Waiting...

- After-hours and weekend appointments are up 12%
- Expanded our use of virtual care:
 - Secure messaging is up 36%,
 - Tele-health up 19%,
 - And e-Consults up 36%
- New Enrollee Appointment Request (NEAR) list is down 93%
- Electronic Wait List (EWL) is down 47%

The Result?

- Improved access for Veterans
- VA is currently projecting an overall 39.3% increase over our estimates for FY 2015 Budget (in the 2016 President's Budget)
- VA's overall budget situation reflects an actual workload increase of 10.5% and has resulted in revised obligation projections of 50.9% by the end of FY 2015 – from a forecast of \$6.7 billion to nearly \$10.1 billion.
- Actual FY 2015 spending is up over FY 2014 by 23.7%:
 - Actual percentage change for Care in Community is 39.3%
 - We are experiencing new demand in CHAMPVA, which is up over FY 2014 actuals by 29%
 - Overall, VA is has increased 19.5% over last year



The Challenge?

Workload Up, Spending Up

- VA health care workload¹ has increased by 10.5% - in both VA facilities and Care in the Community.
- Increased workload has led to an estimated 39.3% increase in obligations above last year and forecasted requirements – all pre-Veterans Choice Act.
- 1.5 million Veterans have been authorized Care in the Community, up 36% from last year.
- \$10.1 billion is the revised end-of-year estimate, compared to \$7.3B forecasted.

\$2.5 Billion Funding Shortfall

- Estimated FY15 Care in the Community obligations are up by 39.3% over last year.
- CHAMPVA demands are also up by 29% over last year.
- Overall, VA obligations are up by 19.5% over last year.
- We have an overall Care in the Community shortfall of \$2.5 billion in FY 2015.

¹ Measured by Relative Value Units



Key Drivers – Workload is Up

Relative Value Units

VA Care RVUs through April 30th						Purchased Care RVUs Through April 30th (Excludes Choice)						Total RVUs Through April 30th (excludes Choice)									
VISN	FY 2013	FY 2014	FY13-14 Change	FY 2015	FY14-15 Change	FY 2013	FY 2014	FY13-14 Change	FY 2015	FY14-15 Change	FY 2013	FY 2014	FY13-14 Change	FY 2015	FY14-15 Change						
1	3,046,951	3,227,612	180,661	5.9%	3,474,892	247,280	7.7%	435,372	438,523	3,150	0.7%	491,100	52,577	12.0%	3,482,323	3,666,135	183,812	5.3%	3,965,992	299,857	8.2%
2	1,729,854	1,751,729	21,875	1.3%	1,866,614	114,885	6.6%	185,989	254,310	68,321	36.7%	298,409	44,099	17.3%	1,915,843	2,006,039	90,196	4.7%	2,165,024	158,984	7.9%
3	2,373,106	2,638,689	265,583	11.2%	2,785,207	146,518	5.6%	85,313	98,350	13,038	15.3%	100,081	1,730	1.8%	2,458,419	2,737,039	278,620	11.3%	2,885,288	148,248	5.4%
4	3,348,668	3,488,389	139,721	4.2%	3,872,255	383,866	11.0%	457,465	491,926	34,460	7.5%	741,496	249,571	50.7%	3,806,134	3,980,315	174,181	4.6%	4,613,751	633,437	15.9%
5	1,826,727	1,901,285	74,559	4.1%	2,046,337	145,052	7.6%	242,231	232,166	-10,064	-4.2%	251,237	19,071	8.2%	2,068,957	2,133,452	64,494	3.1%	2,297,574	164,123	7.7%
6	4,110,771	4,377,011	266,240	6.5%	4,920,786	543,775	12.4%	688,665	1,011,948	323,283	46.9%	1,277,894	265,946	26.3%	4,799,436	5,388,959	589,523	12.3%	6,198,680	809,721	15.0%
7	4,397,744	4,580,812	183,068	4.2%	5,201,807	620,994	13.6%	1,183,008	1,127,000	-56,008	-4.7%	1,404,868	277,868	24.7%	5,580,753	5,707,812	127,059	2.3%	6,606,675	898,863	15.7%
8	7,473,992	8,100,960	626,968	8.4%	8,770,907	669,947	8.3%	1,688,262	1,910,084	221,822	13.1%	2,005,391	95,307	5.0%	9,162,254	10,011,044	848,789	9.3%	10,776,298	765,254	7.6%
9	3,618,073	3,744,176	126,102	3.5%	4,046,658	302,483	8.1%	804,609	885,458	80,848	10.0%	955,427	69,970	7.9%	4,422,683	4,629,633	206,951	4.7%	5,002,086	372,452	8.0%
10	3,010,699	3,189,969	179,270	6.0%	3,362,222	172,254	5.4%	693,985	631,976	-62,009	-8.9%	711,813	79,838	12.6%	3,704,683	3,821,944	117,261	3.2%	4,074,036	252,091	6.6%
11	3,236,892	3,378,402	141,510	4.4%	3,743,205	364,803	10.8%	530,563	596,332	65,769	12.4%	812,239	215,907	36.2%	3,767,455	3,974,734	207,278	5.5%	4,555,444	580,710	14.6%
12	3,621,819	3,835,848	214,029	5.9%	4,145,586	309,738	8.1%	507,105	618,874	111,770	22.0%	577,343	-41,531	-6.7%	4,128,924	4,454,722	325,798	7.9%	4,722,928	268,206	6.0%
15	2,857,368	2,970,320	112,952	4.0%	3,189,328	219,008	7.4%	757,033	843,460	86,427	11.4%	1,005,748	162,288	19.2%	3,614,401	3,813,780	199,378	5.5%	4,195,076	381,296	10.0%
16	5,773,128	5,976,813	203,685	3.5%	6,590,256	613,443	10.3%	1,287,636	1,491,053	203,416	15.8%	1,881,459	390,407	26.2%	7,060,764	7,467,866	407,101	5.8%	8,471,715	1,003,850	13.4%
17	3,698,533	3,859,260	160,727	4.3%	4,086,833	227,573	5.9%	717,336	825,139	107,803	15.0%	944,063	118,923	14.4%	4,415,869	4,684,399	268,530	6.1%	5,030,896	346,497	7.4%
18	2,945,611	3,072,870	127,259	4.3%	3,341,514	268,643	8.7%	1,024,164	1,097,907	73,743	7.2%	1,408,472	310,565	28.3%	3,969,775	4,170,777	201,002	5.1%	4,749,986	579,209	13.9%
19	2,154,466	2,263,835	109,368	5.1%	2,412,270	148,436	6.6%	860,606	1,021,892	161,286	18.7%	1,286,910	265,018	25.9%	3,015,072	3,285,726	270,654	9.0%	3,699,180	413,454	12.6%
20	3,243,179	3,317,779	74,601	2.3%	3,578,113	260,334	7.8%	1,390,588	1,252,785	-137,802	-9.9%	1,420,925	168,140	13.4%	4,633,767	4,570,565	-63,202	-1.4%	4,999,039	428,474	9.4%
21	3,261,639	3,460,004	198,365	6.1%	3,765,772	305,768	8.8%	824,128	1,041,337	217,209	26.4%	916,824	-124,513	-12.0%	4,085,768	4,501,341	415,574	10.2%	4,682,596	181,255	4.0%
22	4,158,748	4,525,823	367,075	8.8%	5,137,088	611,264	13.5%	689,050	720,093	31,043	4.5%	851,300	131,206	18.2%	4,847,799	5,245,917	398,118	8.2%	5,988,387	742,471	14.2%
23	3,408,077	3,560,395	152,318	4.5%	3,947,454	387,059	10.9%	933,476	1,095,601	162,125	17.4%	1,223,085	127,483	11.6%	4,341,553	4,655,997	314,443	7.2%	5,170,539	514,542	11.1%
VHA Total	73,296,048	77,221,981	3,925,933	5.4%	84,285,105	7,063,123	9.1%	15,986,585	17,686,214	1,699,629	10.6%	20,566,085	2,879,871	16.3%	89,282,633	94,908,195	5,625,562	6.3%	104,851,189	9,942,994	10.5%

\$57,529,830,000	FY 2014 Obligations
\$59,118,483,672	FY 2015 Operating Plan
\$1,588,653,672	Change
2.8%	

VHA is facing a 10.5% workload increase with only a 2.8% budget increase



Key Driver – Increasing Access Results in Additional Funding Requirements

VA Care in the Community																
\$Millions	Total				CHAMPVA				State Home				All Other			
	Budget	Actual	Change		Budget	Actual	Change		Budget	Actual	Change		Budget	Actual	Change	
FY 2011	\$5,469.4	\$5,325.7	-\$143.7	-2.6%	\$820.9	\$847.5	\$26.6	3.2%	\$741.4	\$821.6	\$80.2	10.8%	\$3,907.1	\$3,656.6	-\$250.5	-6.4%
FY 2012	\$5,812.4	\$5,692.1	-\$120.3	-2.1%	\$899.0	\$929.3	\$30.3	3.4%	\$733.0	\$851.9	\$118.9	16.2%	\$4,180.4	\$3,910.8	-\$269.6	-6.4%
FY 2013	\$6,249.8	\$6,303.1	\$53.3	0.9%	\$1,018.9	\$1,027.5	\$8.6	0.8%	\$975.1	\$936.6	-\$38.5	-3.9%	\$4,255.8	\$4,338.9	\$83.1	2.0%
FY 2014	\$6,757.4	\$8,178.5	\$1,421.1	21.0%	\$1,069.1	\$1,141.8	\$72.7	6.8%	\$913.9	\$761.9	-\$152.0	-16.6%	\$4,774.4	\$6,274.7	\$1,500.3	31.4%
FY 2015	\$7,258.7	\$10,114.5	\$2,855.8	39.3%	\$1,258.4	\$1,483.3	\$224.9	17.9%	\$1,130.0	\$1,135.2	\$5.2	0.5%	\$4,870.3	\$7,496.0	\$2,625.7	53.9%
FY14-15 Change	7.4%	23.7%			17.7%	29.9%			23.6%	49.0%			2.0%	19.5%		
Current estimates as of June 16, 2015																



Key Driver – Increased Demand has Driven the FY 2015 Funding Shortfall

VHA Care in the Community Obligations and Requirements as of May 2015

	Original FY15 Funding Plan	FY15 Current Funding Plan w/VHA Realignments 2	Original Plan to Realignments	FY 2015 Obligations 5.31.2015	FY 2015 Funds Available	FY 15 New Requirements - Care in Community	VHA Shortfall
PARTIALLY CHOICE ELIGIBLE							
Outpatient	\$ 1,858,699,926	\$1,858,699,926	\$0	\$2,915,563,147	-\$1,056,863,221	\$4,175,439,624	-\$2,316,739,698
Inpatient	\$ 1,258,684,726	\$1,271,872,436	\$13,187,710	\$950,032,784	\$321,839,652	\$1,425,049,176	-\$153,176,740
TOTAL	\$ 3,117,384,652	\$3,130,572,362	\$13,187,710	\$3,865,595,931	-\$735,023,569	\$5,600,488,800	-\$2,469,916,438
NOT CHOICE ELIGIBLE							
CHAMPVA	\$1,483,011,254	\$1,483,294,000	\$282,746	\$955,549,919	\$527,744,081	\$1,483,294,000	\$0
State Home	\$940,793,794	\$1,135,166,000	\$194,372,206	\$753,453,643	\$381,712,357	\$1,135,166,000	\$0
Community Nursing Home	\$771,813,115	\$771,813,115	\$0	\$504,927,869	\$266,885,246	\$771,813,115	\$0
Dialysis	\$478,125,139	\$478,125,139	\$0	\$363,314,520	\$114,810,619	\$478,125,139	\$0
Mill Bill (Emergency)	\$401,930,440	\$536,572,192	\$134,641,752	\$357,714,794	\$178,857,397	\$536,572,191	\$0
Program Office NVA Care ¹	\$67,661,523	\$67,661,523	\$0	\$47,649,512	\$20,012,011	\$67,661,523	\$0
Project ARCH	\$23,107,000	\$23,107,000	\$0	\$16,037,754	\$7,069,246	\$23,107,000	\$0
Indian Health Service	\$18,244,000	\$18,244,000	\$0	\$14,998,011	\$3,245,989	\$18,244,000	\$0
TOTAL	\$4,184,686,264	\$4,513,982,968	\$329,296,704	\$3,013,646,021	\$1,500,336,947	\$4,513,982,968	\$0
GRAND TOTAL	\$7,302,070,915.83	\$7,644,555,330	\$342,484,414	\$6,879,241,952	\$765,313,378	\$10,114,471,768	-\$2,469,916,438

¹ Includes Caregivers (MH, Respite, Non-VA oversight), Dental, Geriatrics, Disability Management, Traumatic Brain Injury

² Includes new Realignment of Funds to address \$2.6B shortfall



Choice Act Section 801 and 802 Obligations as of June 30, 2015

Choice Act Obligations and Expenditures								
As of June 30, 2015								
	FY 2015 Plan	Obligations as of June	% of Current Month to FY15 Plan	June Change over May	Obligations as of May	% of Prev Month to FY15 Plan	Expenditures as of June	Comments
SECTION 801								
Hiring Medical Staff	\$ 668,993,000	\$ 269,812,319	40%	\$ 73,808,427	\$ 196,003,892	29%	\$ 269,765,700	
Supplies & Equipment	\$ 50,465,000	\$ 24,940,677	49%	\$ 9,092,437	\$ 15,848,240	31%	\$ 20,550,347	
Sections 301 & 302	\$ 1,200,000	\$ 120,591	10%	\$ -	\$ 120,591	10%	\$ 108,403	HPEAP Modification & Staffing Shortage Report
Emergency Leases	\$ 31,212,953	\$ 3,027,209	10%	\$ 1,240,003	\$ 1,787,206	6%	\$ 809,552	
Leases in the Pipeline	\$ 132,819,082	\$ 9,828,594	7%	\$ 3,849,049	\$ 5,979,546	5%	\$ 8,244,532	
Legionella	\$ 93,327,925	\$ 5,531,874	6%	\$ 2,602,117	\$ 2,929,757	3%	\$ 874,968	
Non-Recurring Maintenance	\$ 759,185,000	\$ 226,882,680	30%	\$ 74,313,623	\$ 152,569,057	20%	\$ 8,473,829	
Subtotal Section 801 VHA	\$ 1,737,202,960	\$ 540,143,944	31%	\$ 164,905,656	\$ 375,238,288	22%	\$ 308,827,330	
IT - Development	\$ 107,500,000	\$ 2,265,022	2%	\$ 997,957	\$ 1,267,065	1%	\$ 557,441	
IT - Sustainment	\$ 82,700,000	\$ 16,989,898	21%	\$ 44,526	\$ 16,945,372	20%	\$ 11,078,462	
IT - Staffing	\$ 13,000,000	\$ 13,301	0%	\$ 5,508	\$ 7,793	0%	\$ 13,301	
Minor Construction	\$ 383,181,000	\$ 32,935,830	9%	\$ 23,810,671	\$ 9,125,159	2%	\$ 1,090,048	
Total Section 801	\$ 2,323,583,960	\$ 592,347,995	25%	\$ 189,764,318	\$ 402,583,677	17%	\$ 321,566,582	
SECTION 802								
Implementation Costs	\$ 504,499,791	\$ 305,299,477	61%	\$ 313,263	\$ 304,986,214	60%	\$ 220,279,889	
Care in the Community	\$ 869,692,983	\$ 141,749,519	16%	\$ (82,260,683)	\$ 224,010,202	26%	\$ 141,749,519	June obligations revised to reflect authorization estimates adjustment.
Pharmacy	\$ 83,654,104	\$ 435,244	1%	\$ 218,518	\$ 216,726	0%	\$ 435,244	
Prosthetics	\$ -	\$ 25,180	-	\$ 406	\$ 24,774	-	\$ 25,180	
Beneficiary Travel	\$ 10,801,520	\$ 8,723,888	81%	\$ 123,384	\$ 8,600,504	80%	\$ 6,554,605	
HEPC		\$ 12,509	-	\$ 12,509	\$ -	-	\$ 12,509	
IT Support	\$ 68,000,000	\$ -	0%	\$ -	\$ -	0%		
Subtotal Section 802	\$ 1,536,648,398	\$ 456,245,816	30%	\$ (81,592,603)	\$ 537,838,420	35%	\$ 369,056,946	
Total Choice Act	\$ 3,860,232,358	\$ 1,048,593,811	27%	\$ 108,171,715	\$ 940,422,097	24%	\$ 690,623,529	