

January 30, 2003

## IMPLEMENTATION OF GEOGRAPHIC MEANS TESTING AND REVISED INPATIENT CO-PAYMENTS REQUIREMENTS

**1. PURPOSE:** This Veterans Health Administration (VHA) Directive outlines policies and actions required in support of implementation of Section 202 of Public Law 107-135, the Department of Veterans Affairs Health Care Programs Enhancement Act of 2001. The law was passed in January 2002, and directed the Department of Veterans Affairs (VA) to implement a Geographic Based Means Test (GMT) by October 1, 2002.

### 2. BACKGROUND

a. On October 8, 2002, VA published a final rule in the Federal Register titled Enrollment-Provision of Hospital and Outpatient Care to Veterans. This regulation establishes rules governing the new GMT process and defines procedures for assigning veterans into Priority Group 7 and the new Priority Group 8. Additionally, this law requires VA to identify veterans who agree to make VA medical care co-payments, and whose family incomes are below the "low-income" indices for the geographical area set by the United States (U.S.) Department of Housing and Urban Development (HUD) for public housing benefits. Those veterans whose incomes and assets fall between the VA means test limits and the HUD low-income indices will have their inpatient medical care co-payments reduced by 80 percent starting October 1, 2002. A new means test (MT) status, "GMT Co-payment Required," has been created to classify these veterans. The remaining higher-income veterans will continue to pay the full inpatient medical care co-payments and will be assigned the means test status "MT Co-payment Required."

*NOTE: This law had no affect on outpatient and/or medication co-payments.*

b. Software is being developed to identify User Enrollees. User Enrollees are defined as enrollees who receive or are scheduled to receive health care services during a given fiscal year (thus a veteran who has not been seen in a given fiscal year, but has a future appointment scheduled would be considered a User Enrollee, even if the future appointment falls outside the boundary of the "current fiscal year.") The User Enrollee functionality is anticipated to be released in spring 2003.

c. Inpatient co-payment collections are deposited into the Medical Care Collections Fund (365287.1)

**3. POLICY:** It is VHA policy to use the HUD low-income indices under the existing VA means test rules to determine a veteran's medical care co-payment status. The HUD low-income indices are based on the zipcode and county code of the veteran's permanent residence.

### 4. ACTION

a. **Facility Directors.** Facility Directors are responsible for ensuring implementation of the GMT. This requires each site to install a series of patches in a sequential manner. There will be approximately 3 to 5 working days to install the patches at each step. As implementation cannot

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proceed from one step to the next until all VA medical centers have successfully completed each step, it is critical that all sites promptly install the GMT patches so as not to delay the entire national implementation.

(1) The first step in the series was GMT Patch 1 (IB\*2.0\* 179), which should have been installed on the Veterans Health Information Systems and Technology Architecture (VistA) prior to October 1, 2002. This patch holds all inpatient co-payment billing activity for care provided on or after October 1, 2002, until Integrated Billing and Accounts Receivable (IB/AR) and enrollment packages have their GMT software installed in January 2003.

(2) Software enhancements released prior to January 3, 2003, bill veterans classified as "GMT Co-payment Required" who agree to make VA medical care co-payments, 20 percent of the applicable inpatient medical care co-payment, and 20 percent of the per diem for care received on or after October 1, 2002. Effective January 31, 2003, an insert (see Att. A) will be included with monthly statements to advise veterans of upcoming changes associated with GMT.

b. **Health Eligibility Center (HEC)**. Software enhancements implemented on the HEC system prior to January 3, 2003, compares veterans' income and net worth to the Means Test threshold and to the applicable HUD low-income indices, and will place veterans in the appropriate medical care co-payment status and enrollment priority group. Software enhancements will include a one-time conversion of veterans based on their existing means test information and an on-going process to assign veterans to the appropriate medical care co-payment and enrollment priority on completion of a means test. Priority Group 7 will remain divided in the following subcategories:

(1) **Group a:** Non-compensable 0 percent service connected veterans.

(2) **Group c:** Non-service connected veterans

c. **Veterans**

(1) The following veterans will be subject to the GMT co-payment when the GMT threshold is greater than the MT threshold:

(a) Veterans whose income is less than or equal to the MT threshold and whose net worth is greater than or equal to the property threshold (\$80,000) and who agree to pay VA co-payments for their medical care, and

(b) Veterans whose income is greater than the MT threshold, but less than or equal to the GMT threshold and who agree to pay VA co-payments for their medical care.

(2) Veterans who had previously agreed to pay full MT Co-payments (and subsequently were exempt from yearly testing) who now fall into a GMT Co-payment Required status will have to submit income for yearly testing.

(3) The following veterans will be subject to the full inpatient medical care co-payments and

per diem charges:

(a) Veterans whose income is greater than the MT threshold and greater than the GMT threshold and who agree to make VA medical care co-payments,

(b) Veterans declining to provide income information and who agree to make medical care co-payments,

(c) Veterans with income below the MT threshold whose networth equals or exceeds \$80,000 when the GMT threshold is less than or equal to the MT threshold, and

(d) Veterans in a “Means Test Co-payment Required Status” whose income information is over 1-year old at the time the GMT software is installed.

(4) MT Co-payment Required veterans who are not Catastrophically Disabled (assigned to Priority Group 4), or exposed to Agent Orange, Ionizing Radiation or Environmental Contaminants (assigned to Priority Group 6) will be assigned to Priority Group 8. Priority Group 8 will be divided into the following sub-categories:

(a) **Group a:** Non-compensable 0 percent service connected veterans; and

(b) **Group c:** Non-service connected veterans

(5) Veterans in Priority Group 4, 6, or 7 who are converted to “GMT Co-payment Required,” and veterans who are converted to Priority Group 8 will receive a centrally generated written notification of their status change when they are identified to be a User Enrollee. Such communication will continue into future fiscal years for those enrollees affected by GMT changes who had not previously received communication due to their status as enrollees not utilizing the VA health care system.

d. VistA hardship processing functionality will be enhanced to limit hardship determinations to a veteran whose means test is less than 366 days old and reflects income above the means test threshold. VA health care facility staff will continue to process veterans’ requests for a means test hardship determination. Veterans who provide proof that projected current year income is less than or equal to the means test threshold will be classified as “MT Co-payment Exempt.” Veterans who provide proof that projected current year income is greater than the means test threshold, but below the GMT threshold for the veteran’s current address, will be classified as “GMT Co-payment Required.” Hardship determinations will continue to be shared nationally via the HEC system.

***NOTE:** Attachment B provides the medical care co-payment and enrollment priority matrix, incorporating the GMT business rules.*

## 5. REFERENCES

a. Public Law 107-135, Section 202.

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- b. Title 38 U.S.C. 1710(a)(3).
- c. Title 38 U.S.C. 1722.
- d. Title 42 U.S.C. 1437(a)(b)(2).

**6. FOLLOW-UP RESPONSIBILITY:** The Chief Business Officer (16) is responsible for the contents of this Directive. Questions may be referred to this office at (202) 254-0351.

**7. EXPIRATION DATE:** This VHA Directive will expire January 31, 2008.

S/Louise Van Diepen for  
Robert H. Roswell, M.D.  
Under Secretary for Health

Attachments

DISTRIBUTION: CO: E-mailed 2/3/03  
FLD: VISN, MA, DO, OC, OCRO, and 200 – E-mailed 2/3/03

**ATTACHMENT A**

**SAMPLE GEOGRAPHIC MEANS TEST INSERT**

**NOTICE TO ALL ENROLLED 0 PERCENT SERVICE CONNECTED AND NON-SERVICE-CONNECTED VETERANS**

As a result of a recent change in the laws governing the Department of Veterans Affairs (VA), you may qualify for a reduction in the VA inpatient medical care co-payments.

Beginning October 1, 2002, you may be eligible for reduced inpatient care co-payment charges. Generally, if you are a non-service connected veteran or a non-compensable 0 percent service connected veteran and your income would qualify you for United States (U.S.) Department of Housing and Urban Development (HUD) low-income housing benefits, VA will now charge you only 20 percent of the current inpatient co-payment (\$2.00 per day plus \$168 for the first 90 days of hospital care, and \$84 for each subsequent 90 day period up to one year). This law did not change outpatient care and medication co-payments. The current per visit co-payment for outpatient basic primary care is \$15 and \$50 for outpatient specialty care. The medication co-payment is currently \$7 for each 30-day or less supply of medications.

Necessary software changes became available in January 2003. VA will begin preparing bills for veterans who received inpatient VA care for their non-service connected conditions during October, November, and December 2002. It may take a couple of months to complete the process of back billing.

If you previously declined to provide VA your financial information, or if your financial assessment is over a year old, it may be to your advantage to complete a VA Form 10-10EZ, Application for Health benefits, so that VA may reassess your priority for enrollment and medical care co-payment status. You may obtain the form from any VA office or VA's web-site at [www.va.gov/1010ez.htm](http://www.va.gov/1010ez.htm).

For questions or concerns regarding your inpatient co-payments please contact the Health Benefits Service Center at 1-877-222-VETS (8387).



ATTACHMENT B

MEDICAL CARE CO-PAYMENT AND ENROLLMENT PRIORITY MATRIX

Medical Care Co-payment /Enrollment Priority Matrix				
Income versus (vs.) Thresholds	Income Plus Net Worth Vs. Property Threshold (\$80K)	Enrollment Priority	Medical Care Co-payment Status	Comments
<= Means Test (MT)	< \$80K	Priority Group (PG)5 Unless Catastrophically Disabled, then assigned to Priority 4	MT Co-payment Exempt	
<=MT	>= \$80K	PG7 Unless exposed to Agent Orange, Ionizing Radiation or Environmental Contaminants, then PG 6. If Catastrophically Disabled, then assigned to PG 4	Geographic Based Means Test (GMT) Co-payment Required	Pending Adjudication <b>NOTE:</b> <i>In this scenario, GMT threshold is &gt; MT threshold</i>
<=MT	>= \$80K	PG8 Unless exposed to Agent Orange, Ionizing Radiation or Environmental Contaminants, then PG 6. If Catastrophically Disabled, then assigned to PG 4	MT Co-payment Required	Pending Adjudication <b>NOTE:</b> <i>In this scenario, GMT threshold is &lt;= MT threshold</i>
>MT and <=GMT		PG7 Unless exposed to Agent Orange, Ionizing Radiation, or Environmental Contaminants, then PG6. If Catastrophically Disabled, then assigned to PG4	GMT Co-payment Required	
>MT and >GMT		PG8 Unless exposed to Agent Orange, Ionizing Radiation or Environmental Contaminants, then PG6. If Catastrophically Disabled, then assigned to Priority 4	MT Co-payment Required	



ATTACHMENT C

EXAMPLES

For ease and understanding how the co-payment amount would be applied to veterans receiving inpatient hospital care, the following examples using current 2002 Department of Veterans Affairs (VA) Means Test thresholds are provided.

Current calendar year 2002 rates:

Veteran without dependents	Veteran with 1 dependent	Veteran with 2 dependents
\$24,304	\$29,168	\$30,798

*NOTE: The difference between a veteran without dependents and a veteran with 1 dependent is \$4,864. For each additional dependent thereafter the amount increases by \$1,630. Current 2002 inpatient co-payments for new Priority Category 8 (formerly Priority Category 7) veterans are \$840 for the first 90 days of care and \$420 for each subsequent 90 day episode for 365 days plus \$10 per diem charge.*

**1. Scenario I: Income below VA Means Test Threshold**

A veteran with 2 dependents, living in Pointe Coupee Parish, LA, with a reported gross annual family income of \$21,900 would be exempt from medical care co-payments as the veteran falls below the VA Means Test income threshold (\$30,798)

**2. Scenario II: Income above VA Means Test but below GMT Threshold**

The San Francisco HUD low-income threshold for a person with no dependents is \$40,800. A veteran residing in San Francisco with not dependents and with a gross annual income of \$35,000 would be GMT Co-payment Required and responsible for co-payments based on 20 percent of the inpatient Medicare deductible or \$168 for the first 90 days of inpatient hospital care and \$84 for each subsequent 90 days for 365 days and the per diem rate of \$2.00.

**3. Scenario III: Income above VA Means Test Threshold and above HUD Threshold**

A veteran living in Altoona PA, with 1 dependent has reported a gross annual income of \$30,000. The HUD low-income threshold for this area is \$21,450 and the VA's income threshold of \$29,168. Since the veteran's income exceeds both thresholds, the veteran would be responsible for a co-payment based on the inpatient Medicare deductible of \$840 for the first 90 days of care and \$420 for each subsequent 90 day stay for 365 days plus \$10 per diem charge.