

## **Section XI**

### **Enhanced Ability to Modify Copays and Covered Benefits**

Historically, the VA Enrollee Health Care Projection Model has included adjustment factors that account for the current Medical Benefits Package, specific benefits determined by VA, historical and current copay rates, as well as a single set of planned copay rates appropriate for the ELDA analysis. The VA Enrollee Health Care Projection Model did not, however, have the functionality to easily modify the modeled copay rates or covered benefits. Such modifications performed in the past have required time consuming supplemental analysis when incorporating these additional scenarios into the VA Enrollee Health Care Projection Model.

During the budget development process, VHA often requests the ability to assess the impact upon workload and expenditures of changes to the current copay schedule by benefit or Priority Level. In other scenarios, VA has requested the impact of limiting the amount of services delivered to enrollees for a specific benefit. The VA Enrollee Health Care Projection Model has now been enhanced with the capabilities to modify the levels of the copays and covered benefits to accommodate these requests. This allows VA to evaluate the impacts of potential future policy changes in a quicker, more efficient manner.

#### ***Copay Modifications within the Model***

It is widely accepted that copay levels not only have an impact on revenue but also have an impact on the levels of utilization experienced for both Ambulatory and Prescription Drug services. The copay utilization adjustment calculations within the model were modified to allow for quick implementation of the appropriate utilization adjustments for varying copay levels by category of service. The copay amounts are specified by Priority Level, can be any dollar and cent amounts, and can change several times over the projection period.<sup>1</sup>

VA assesses Ambulatory copays based on the clinic stop location where the service is provided. VA classified each clinic stop into one of five categories, each associated with a copay level. These category assignments are listed for each clinic stop in Exhibit XI-1. These categories are:

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<sup>1</sup> Currently, the projection period must be contained within FY 2000 to FY 2025.

- Excluded (EXC)
- No Copay (NON)
- Primary Care (P)
- Specialty Basic (SB)
- Specialty Complex (SC)

The model has been set up to accommodate this level of copay detail. The Ambulatory copay levels can be input specifically for each of these categories. For example, the Preliminary Model Run for the FY04 ELDA used the following copay levels for FY 2004:

***FY 2004 Preliminary Model Run Ambulatory Copay Schedule***

<u>Scenario</u>	<u>Priority Level</u>	<u>Excluded</u>	<u>No Copay</u>	<u>Primary Care</u>	<u>Specialty Basic</u>	<u>Specialty Complex</u>
1	1	\$0	\$0	\$0	\$0	\$0
1	2	\$0	\$0	\$0	\$0	\$0
1	3	\$0	\$0	\$0	\$0	\$0
1	4	\$0	\$0	\$0	\$0	\$0
1	5	\$0	\$0	\$0	\$0	\$0
1	6	\$0	\$0	\$0	\$0	\$0
1	7a	\$0	\$0	\$15	\$50	\$50
1	7c	\$0	\$0	\$20	\$50	\$50
1	8a	\$0	\$0	\$20	\$50	\$50
1	8c	\$0	\$0	\$20	\$50	\$50
2&3	1	\$0	\$0	\$0	\$0	\$0
2&3	2	\$0	\$0	\$0	\$0	\$0
2&3	3	\$0	\$0	\$0	\$0	\$0
2&3	4	\$0	\$0	\$0	\$0	\$0
2&3	5	\$0	\$0	\$0	\$0	\$0
2&3	6	\$0	\$0	\$0	\$0	\$0
2&3	7a	\$0	\$0	\$15	\$50	\$50
2&3	7c	\$0	\$0	\$15	\$50	\$50
2&3	8a	\$0	\$0	\$15	\$50	\$50
2&3	8c	\$0	\$0	\$15	\$50	\$50

The modeling enhancements also include the capability to override the Ambulatory copay schedule with specific copay levels for each of the Ambulatory services. When specific service line copay levels are used, the model will still allow for copay levels that can be input specifically for each of the five clinic stop based categories. For example, the Office Visit service line could have copay level assignments of \$0/\$0/\$15/\$50/\$50 for the five clinic stop based categories, while Emergency Room could be assigned a \$75 copay for every visit, regardless of clinic stop category.

The Prescription Drug copay assumptions were expanded to allow for specific generic and brand name drug copay levels. While these copay levels did not vary for the Preliminary or Final FY04 ELDA, they may vary for future scenarios.

The copay utilization adjustments are based on research contained in the Milliman *Health Cost Guidelines*<sup>TM</sup>. These copay utilization adjustments were modified further in the data analysis process to reflect the fact that some veterans in Priority Levels with copays do not intend to pay the copay when using VHA services. Others may not be required to pay the copay due to hardship waivers, service-connected conditions, or third party liability. It is expected that these veterans will have utilization that reflects a zero dollar copay benefit level. VA provided historical information regarding the amount of copays assessed to veterans and the amount actually collected. For the FY03 VA Enrollee Health Care Projection Model, this information was used in conjunction with VA workload data to develop collection rate assumptions. These assumptions were then incorporated into the model to make appropriate modifications to the copay utilization adjustments. These assumptions were also used in the FY04 VA Enrollee Health Care Projections Model.

### ***Covered Benefit Modifications within the Model***

Covered benefit adjustments were designed to modify the utilization and/or unit cost assumptions when differences exist between the level of coverage in the Medical Benefits Package and the underlying private sector benchmarks. These benchmarks are based on coverage limits typical in the private sector or Medicare. For many of these services VA does not impose the same limits; therefore, the starting utilization and cost assumptions must be adjusted to account for these differences.

The covered benefit adjustment calculations within the model were modified to allow for more efficient construction of the model's covered benefit adjustment factors when additional scenarios are proposed. This enhancement includes the ability to add covered benefit adjustments to any of the services included in the projection model, rather than only a subset of services that have required adjustments in the past due to VA's benefit package for enrollees. This will allow the model to make covered benefit adjustments for benefit packages outside of the typical benefits provided to veteran enrollees, such as Medicare+Choice style benefits. The

covered benefit adjustments are specific for each Priority Level and Age Group (Under Age 65 and Ages 65 and Over), and are allowed to change several times over the projection period.<sup>2</sup>

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<sup>2</sup> Currently, the projection period must be contained within FY 2000 to FY 2025.

**Exhibit XI-1**

**Department of Veterans Affairs  
 Copay Category Assignments by Clinic Stop**

<u>Clinic Stop</u>	<u>Copay Category</u>	<u>Cinic Stop Description</u>
101	SB	Emergency Unit
102	P	Admit/Screening
103	NON	Telephone Triage
104	SC	Pulmonary Funct
105	NON	X-Ray
106	SC	EEG
107	NON	EKG
108	NON	Laboratory
109	SC	Nuclear Medicine
115	SB	Ultrasound
116	NON	Respiratory Therapy
117	NON	Nursing
118	EXC	Home Trtmt Svcs
119	P	CNH Follow-Up
120	NON	Health Screening
121	NON	Resid Care-Non MH
122	NON	Pub Health Nurs
123	NON	Nutr/Diet - Ind
124	NON	Nutr/Diet - Grp
125	NON	Social Work Svc
126	SC	Evoked Potential
127	SC	Topo Brain Map
128	SC	Prol Video - EEG
144	SC	Radionuc Therapy
145	SC	Pharmac Physiol
146	SC	PET
147	NON	Phone/Ancillary
148	NON	Phone/Diagnostic
149	SC	Rad Therapy Trmt
150	SC	Comput Tomogra (CT)
151	SC	Mag Res Imag (MRI)
152	SC	Angiogr Catheteriz
153	SC	Interven Rariograph
160	NON	Clinical Pharm
165	NON	Bereave. Counsel
166	NON	Chaplain-Ind
167	NON	Chaplain-Group
168	NON	Chaplain Collateral
169	NON	Telephone/Chaplain
170	P	Hbpc Physician
171	P	Hbpc-Rn/Rnp/Pa
172	P	Hbpc-Nurse Extend
173	P	Hbpc-Social Work
174	P	Hbpc-Therapist
175	P	Hbpc Dietician
176	P	Hbpc-Clin Pharmacy
177	P	Hbpc-Other

**Exhibit XI-1 (cont.)**

<u>Clinic Stop</u>	<u>Copay Category</u>	<u>Cinic Stop Description</u>
178	NON	Telephone/Hbhc
179	NON	Tele Home Care
180	P	Dental
181	NON	Telephone/Dental
190	P	Adult Day Health
201	NON	Pm & Rs
202	NON	Rec Therapy Services
203	SB	Audiology
204	SC	Speech Pathology
205	NON	Physical Therapy
206	NON	Occupation Thpy
207	NON	Pm & Rs Incentive
208	NON	Pm & Rs Comp Work
209	NON	Vist Coord.
210	SC	Sci
211	SC	Post-Amputation
212	SC	EMG
213	NON	Pm & Rs Voc Assist
214	NON	Kinesiotherapy
215	NON	Sci Home Program
216	NON	Phone Rehab Supp
217	SC	Bros-Blind Rehab Spec
290	P	Observation Medicine
291	NON	Observation Surgery
292	P	Observ Psychiatry
293	NON	Observation Neurology
301	P	General Int Med
302	SB	Allergy Immunol
303	SC	Cardiology
304	SB	Dermatology
305	SC	Endocr/Metab
306	SB	Diabetes
307	SC	Gastroenterology
308	SC	Hematology
309	P	Hypertension
310	SC	Infectious Dis
311	SB	Pacemaker
312	SC	Pulmonary/Chest
313	SC	Renal/Nephrol
314	SC	Rheum/Arthritis
315	SC	Neurology
316	SC	Oncology/Tumor
317	NON	Coumadin Clinic
318	SB	Geriatric Clinic
319	P	Geriat Eval/Mgt (Gem)
320	SC	Alzh/Demen/Clin
321	SC	Gi Endoscopy

**Exhibit XI-1 (cont.)**

<u>Clinic Stop</u>	<u>Copay Category</u>	<u>Cinic Stop Description</u>
322	P	Womens Clinic
323	P	Prim Care/Med
324	NON	Phone Medicine
325	NON	Phone Neurology
326	NON	Phone Geriatrics
327	SC	Invasive O.R. Proc
328	NON	Med/Surg Day Msdu
329	SC	Medical Proc Unit
330	SC	Chemo Unit-Med
331	P	Pre-Bed M.D.- Med
332	P	Pre-Bed R.N.- Med
333	SC	Cardiac Cath
334	SB	Cardiac Stress Test
350	P	Geriatric Prim Care
401	SB	General Surgery
402	SC	Cardiac Surgery
403	SB	ENT
404	SB	Gynecology
405	SB	Hand Surgery
406	SC	Neurosurgery
407	SB	Ophthalmology
408	P	Optometry
409	SB	Orthopedics
410	SB	Plastic Surgery
411	P	Podiatry
412	SC	Proctology
413	SC	Thoracic Surgery
414	SB	Urology
415	SB	Vascular Surgery
416	NON	Amb Surg Eval(Non-Md)
417	NON	Prosth/Orthotics
418	SC	Amputation Clin
419	SC	Anes Pre/Post-Op Cons
420	SC	Pain Clinic
421	SC	Vascular Lab
422	NON	Cast Clinic
423	NON	Prosthetics Svcs
424	NON	Phone Surgery
425	NON	Tele/Prosth/Orth
426	SC	Women Surgery
428	NON	Telephone Optometry
429	SC	Output Care In O.R.
430	NON	Cysto Room Unit
431	NON	Chemo Unit-Surg
432	NON	Pre-Bed Md-Surg
433	NON	Pre-Bed Rn-Surg
435	SC	Surgical Proc Unit

**Exhibit XI-1 (cont.)**

<u>Clinic Stop</u>	<u>Copay Category</u>	<u>Cinic Stop Description</u>
450	NON	C & P Exams
451	NON	451-Local Credit Pair
452	NON	452-Local Credit Pair
453	NON	453-Local Credit Pair
454	NON	Special Registry 5
455	NON	455-Local Credit Pair
456	NON	Special Registry 6
459	NON	Special Registry 8
460	NON	460-Local Credit Pair
461	NON	Special Registry 1
462	NON	462-Local Credit Pair
463	NON	463-Local Credit Pair
467	NON	467-Local Credit Pair
470	EXC	Special Registry 3
473	NON	473-Local Credit Pair
474	NON	Research
475	NON	475-Local Credit Pair
481	SC	481-Local Credit Pair
485	EXC	485-Local Credit Pair
502	P	Mental Health-Ind
503	P	Men Hlth Resid Care
505	NON	Day Trmt-Ind
506	NON	Day Hospital-Ind
509	SB	Psychiatry-Ind
510	SB	Psychology-Ind
512	SC	Psychiatry Cons
513	P	Subst Abuse-Ind
514	P	Subst Abuse-Home
516	P	Ptsd Group
519	NON	Subst/Ptsd Teams
520	P	Lt Enhance Indiv
521	P	Lt Enhance Group
522	SB	Hud-Vash
523	NON	Opioid Substitution
524	NON	Act Duty Sex Trauma
525	NON	Wom Stress Treat
527	NON	Phone General Psych
528	NON	Phone/Hmless Ment Ill
529	NON	HCHV/HMI
530	NON	Telephone/Hud-Vash
531	P	MH Prim Care Team-Ind
532	P	Psyc/Soc Rehab-Ind
535	NON	MH Vocat Assist
536	NON	Tele/MH Voc Assist
537	NON	Tele Psyc/Soc Rehab
538	SC	Psychological Testing
540	NON	Ptsd Cl Team-Pct

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**Exhibit XI-1 (cont.)**

<u>Clinic Stop</u>	<u>Copay Category</u>	<u>Cinic Stop Description</u>
542	NON	Telephone Ptsd
545	NON	Tele Substance Abuse
546	NON	Telephone/Mhicm
547	SB	Inten Subs Abuse Trt
550	P	Mental Hyg-Grp
552	SB	Ment Hlt Int (MHICM)
553	P	Day Trmt-Grp
554	P	Day Hospital-Grp
557	P	Psychiatry-Md Group
558	P	Psychology-Group
559	P	Psy/Soc Rehab-Grp
560	NON	Subst Abuse-Grp
561	NON	Pct Ptsd-Grp
562	SB	Ptsd-Individual
563	NON	MH Prim Care Team-Grp
564	NON	MH Team Case Mgt
573	NON	MH Incen Ther-Grp
574	NON	MH Comp Wk Ther-Grp
575	NON	MH Vocat Assist-Grp
576	SC	Psychogeria Clin/Indv
577	NON	Psychogeria Clin/Grp
578	SC	Psychogeria Day Pgm
579	NON	Tel/Psychogeriatrics
580	NON	Ptsd Day Hosp
581	NON	Ptsd Day Treat
589	NON	N.A. Duty Sex Trauma
590	NON	Comm Outr Hmls-Staff
602	SC	Chron Ast H-Dial
603	NON	Lim Self H-Dial
604	NON	Home H-Dial Trng
606	SC	Chron Ast P-Dial
607	SC	Lim Self P-Dial
608	NON	Home P-Dial Trng
610	SC	Contract Dialysis
611	NON	Telephone Dialysis
650	NON	Contract NH Days
680	NON	Home/Comm Assess
681	NON	VA-Pd Home/Comm Hc
682	NON	VA-Ref Home/Comm Care
690	EXC	Telemedicine
702	NON	Cholester Screen
702	EXC	Cholester Screen
703	NON	Mammogram
705	EXC	Fobt-Guaiac Scrn
706	NON	Alcohol Screen
707	NON	Smoking Cessation
708	NON	Nutrition

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**Exhibit XI-1 (cont.)**

<u>Clinic Stop</u>	<u>Copay Category</u>	<u>Cinic Stop Description</u>
709	NON	Phys Fit/Exer CS
710	NON	Influenza Immuniz
711	NON	Inj CS/Seat Belt
712	EXC	Hep C Registry Pat
725	NON	Dom Outreach Service
726	NON	Dom Aftercare Commun
727	NON	Dom Aftercare-VA
728	P	Dom Admit/Screen Svc
729	NON	Telephone/Domiciliary
730	NON	Dom General Care
731	NON	Prtrp General Care
999	NON	Employee Health