# Study examines federal government payments to separate managed care programs for same patients

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An analysis that included 1.2 million veterans enrolled in the Veterans Affairs health care system and Medicare Advantage plan finds that the federal government spends a substantial and increasing amount of potentially duplicative funds in these separate managed care programs for the care of same individuals, according to a study appearing in *JAMA*. This study is being published early online to coincide with its presentation at the Annual Research Meeting of AcademyHealth.

"In the United States, some adults may be eligible to enroll simultaneously in 2 federally funded managed care systems: the Medicare Advantage (MA) program administered by the Centers for Medicare & Medicaid Services (CMS) and the Veterans Healthcare System (VA) administered by the Veterans Health Administration in the U.S. Department of Veterans Affairs," according to background information in the article. "Dual enrollment in the VA and MA presents a vexing policy problem. The federal government's payments to private MA plans assume that these plans are responsible for providing comprehensive care for their enrollees and are solely responsible for paying the costs of Medicare-covered services. If enrollees in MA plans simultaneously receive Medicare-covered services from another federally-funded hospital or other health care facility, and this facility cannot be reimbursed, then the government has made 2 payments for the same service."

Amal N. Trivedi, M.D., M.P.H., of the Providence VA Medical Center and Brown University, Providence, R.I., and colleagues examined the prevalence of dual enrollment, the use of outpatient and acute inpatient care in the VA and MA, and the costs of Medicare-covered services incurred by the VA to care for MA enrollees. The study included a retrospective analysis of 1,245,657 veterans simultaneously enrolled in the VA and an MA plan between 2004-2009.

The number of dual enrollees increased from 485,651 in 2004 to 924,792 in 2009. The number of dual enrollees using VA services increased from 316,281 in 2004 to 557,208 in 2009. In 2009, 8.3 percent of the MA population was enrolled in the VA and 5 percent of MA beneficiaries were VA users.

The researchers found that the total estimated cost of VA care (in 2009 dollars) for MA enrollees was $13.0 billion over 6 years, increasing from $1.3 billion to $3.2 billion per year. "The largest component of this spending was outpatient care, followed by acute and postacute inpatient care, then prescription drugs. The annual costs of VA-financed fee-basis care increased by a factor of 5 during the study period (from $52 million in 2004 to $249 million in 2009), and represented approximately 8 percent of VA total spending for this population in 2009," the authors write.

Among dual enrollees, 50 percent used both the VA and MA. Within each of the 419 MA plans participating in Medicare in 2009, the average proportion of the plan's enrollees with use of VA services was 7 percent. The VA financed 44 percent of outpatient visits, 15 percent of acute medical and surgical admissions, and 18 percent of acute medical and surgical hospital days for the dually enrolled population.

"In 2009, the VA submitted collection requests to private insurers totaling $52.3 million on behalf of care provided to MA enrollees

(amounting to 2 percent of the total cost of care for these enrollees in 2009)," the researchers write. "Of these requests, the VA collected $9.4 million for care (18 percent of the billed amount; 0.3 percent of the total cost of care)."

The authors suggest that policymakers could consider 2 broad approaches to reducing duplicative expenditures. "First, the VA could be authorized to collect reimbursements from MA plans for covered services, just as the VA currently collects payments from private health insurers for non-Medicare patients. … A second approach may involve adjusting payments to MA plans on behalf of veterans who receive most or all of their care in the VA."

"In light of the severe financial pressure facing the Medicare program, policymakers should consider measures to identify and eliminate these potentially redundant expenditures."

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