



Introduction to Veterans Health Care

The federal government’s role in providing health care to the nation’s veterans can be traced back to World War I. The veterans’ health care system was first developed in 1919 with the enactment of P.L. 65-326, which authorized the Public Health Service to provide needed care to veterans injured or sick as a result of military service—having a disability that is incurred or aggravated during active military, naval, or air service (today known as a service-connected disability). In 1924, with the enactment of the World War Veterans Act (P.L. 68-242), veterans with no service-connected disability but who were “financially unable to pay” for care were also given access to Department of Veterans Affairs (VA) health care, thus creating a safety net mission. Congress has enlarged the scope of VA’s health care mission, and it has enacted legislation to create new programs and expand benefits and services. This In Focus briefly outlines the mission, eligibility and enrollment requirements, health care delivery system, and funding for veterans health care. Selected trends in enrollment and budget are provided as well.

Mission of the VA Health Care System

The VA provides health care and health-related services through the Veterans Health Administration (VHA). VHA’s primary mission is to provide health care services to eligible veterans and some family members. The VHA is also statutorily required to conduct medical research, to train health care professionals, to serve as a contingency backup to the Department of Defense (DOD) medical system during a national security emergency, and to provide support to the National Disaster Medical System and the Department of Health and Human Services (HHS) as necessary (38 U.S.C. §§7301-7303; §8111A; §1785).

Eligibility and Enrollment for Care

Not all veterans are eligible to receive care, and not every eligible veteran is automatically entitled to medical care from the VHA. The system is neither designed nor funded to care for all living veterans (*The Journal of Law, Medicine & Ethics*, Volume 36, Issue 4, Figure 1, Winter 2008). Eligibility for veterans health care has evolved over time, and laws governing eligibility have been amended by Congress many times. The last major eligibility amendments occurred in 1996 with enactment of the Veterans’ Health Care Eligibility Reform Act of 1996 (P.L. 104-262). This law established two broad eligibility categories and required the VHA to manage the provision of hospital care and medical services through a priority enrollment system.

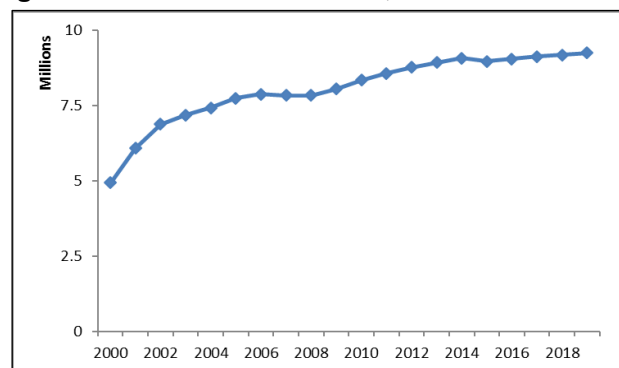
The first eligibility category includes veterans with service-connected disabilities, Medal of Honor recipients, Purple Heart recipients, former prisoners of war, veterans exposed to toxic substances and environmental hazards such as Agent Orange, and veterans whose attributable income is

not greater than an amount established by a “means test.” Veterans who do not meet any of the criteria in the first category compose the second eligibility category and *may* be eligible to receive care through the VHA to the extent resources permit. Once veterans are determined to be eligible for care in VHA, most veterans are required to formally enroll in the VHA health care system to receive services. Once a veteran is enrolled, the veteran remains in the system and does not have to reapply for enrollment annually. Veterans are placed in one of eight priority enrollment categories. Veterans in some priority enrollment categories are required to pay co-payments for certain benefits. Enrolled veterans do not pay any premiums, deductibles, or coinsurance for their care. This is in contrast to major medical insurance plans, which typically have premiums, deductibles, and co-payments.

Trends in Enrollment

As required by the Veterans’ Health Care Eligibility Reform Act of 1996, VHA began formally enrolling veterans for the first time in FY1999. As shown in **Figure 1**, just over 4.9 million veterans (18% of all living veterans) were enrolled in the VHA in FY2000; by FY2019, that number was estimated to have increased to 9.2 million enrollees (48% of all living veterans). This increase is due, in part, to factors such as enrollment of newer veterans from Operation Enduring Freedom/Operation Iraqi Freedom/Operation New Dawn (OEF/OIF/OND), a larger number of female veterans, and economic conditions, among other factors.

Figure 1. VHA Enrolled Veterans, FY2000 to FY2019



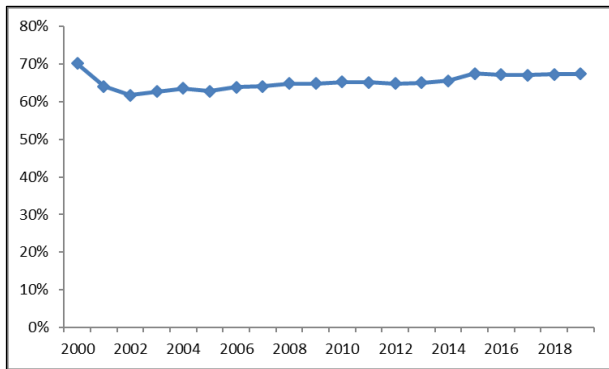
Source: Chart prepared by CRS based on VA enrollee numbers in the Department of Veterans Affairs budget justifications.

Note: The FY2019 number is an estimate.

In a given year, not all enrolled veterans receive their care from the VA—either because they do not need services or because they have other forms of health coverage, such as Medicare, Medicaid, or private health insurance. **Figure 2** shows the percentage of enrollees who used the VHA per year since FY2000. Generally, around two-thirds of

enrollees in a given year are VHA patients and receive some or all of their health services from the VHA.

Figure 2. VHA Patients as a Percentage of VHA Enrollees, FY2000-FY2019



Source: Chart prepared by CRS based on VA enrollee and patient numbers in the Department of Veterans Affairs Budget Justifications.

Note: The FY2019 number is an estimate.

VA Health Care System

Once veterans are eligible and enrolled, they receive their care directly through an integrated health care system (i.e., VHA). VHA is one of the largest integrated health care systems in the United States, with over 1,420 sites of care, including hospitals, community living centers, health care centers, community-based outpatient clinics (CBOCs), other outpatient service sites, and dialysis centers. To administer this system, the VHA has divided the country into Veterans Integrated Service Networks (VISNs), based on geography. There are currently 18 VISNs, which vary regarding the types and number of facilities, and in geographic size. Each VISN has a VISN Director, who has oversight of the VA facilities within that VISN and who supervises the facility director at each facility. Although policies and guidelines are developed at VA headquarters for the VHA health care system as a whole, management authority for decisionmaking and budgetary responsibilities is delegated to the VISNs.

VHA operates under a different model from the predominant health care financing and delivery model in the United States, in which there is a payer for health care services (e.g., Medicare or private health insurance plan), a provider (e.g., hospital, physician), and a recipient of care (the patient). VHA is not a health insurance financing program that provides reimbursement to providers for all or a portion of a patient's health care costs. VHA is primarily a direct provider of care; VHA owns the hospitals and employs the clinicians. However, VHA does pay for care in the community under certain circumstances. The VA Maintaining Internal Systems and Strengthening Integrated Outside Networks Act of 2018 (VA MISSION Act; P.L. 115-182) created the Veterans Community Care Program (VCCP), which applies eligibility for care in the community broadly to all enrolled veterans. For example, a veteran can seek care in the community if he or she needs a service that is unavailable at the VA, resides in a state with no full-service VA medical facility, meets certain access standards for drive- or wait-time, qualifies under standards for previous programs, or if it is in the best medical interest of the veteran.

Health Care Services

All enrolled veterans are eligible for a standard medical package, which includes a full range of health care, gender-specific medical services, prescription drugs, long-term care, and social support services. The medical package provides benefits generally not found in private health insurance plans, such as travel reimbursement for medical appointments, family caregiver stipends, homeless veterans programs, and dental care (38 C.F.R. §17.38).

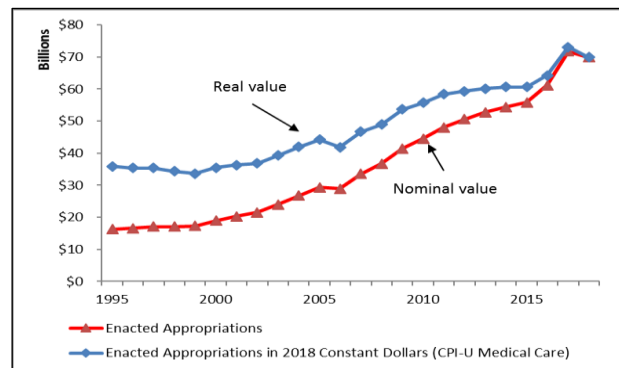
VHA Health Care Appropriations

Congress annually provides discretionary appropriations to fund VA health care and support services for enrolled veterans. In addition to annual discretionary appropriations, Congress has provided VHA the authority to bill some veterans and most health care insurers for nonservice-connected care provided to veterans to defray costs.

Trends in Appropriations

In FY2019, Congress provided \$73.16 billion for VHA—excluding research, collections, and the Veterans Choice Fund. In FY1995, this amount was \$16.22 billion (in nominal dollars). Between FY1995 and FY2005, VHA's appropriations grew in real terms by 2% on average. Overall from FY1995 to FY2018, VHA's appropriations in real terms grew by about 2.8% on average, from about \$36 billion to \$70 billion (Figure 3).

Figure 3. VHA Appropriations, FY1995-FY2018



Source: Chart prepared by CRS based on enacted appropriation figures provided by VA Office of Budget.

Notes: Chart includes the medical services, medical administration, and medical facilities accounts. It excludes medical and prosthetic research, medical care collections, and the Veterans Choice Fund.

CRS Products

CRS Report R42747, *Health Care for Veterans: Answers to Frequently Asked Questions*.

CRS Report R45390, *VA Maintaining Internal Systems and Strengthening Integrated Outside Networks Act of 2018 (VA MISSION Act; P.L. 115-182)*.

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