United States Government Accountability Office

Report to the Ranking Member, Committee on Veterans' Affairs, House of Representatives

December 2013

VA NURSING HOMES

Reporting More Complete Data on Workload and Expenditures Could Enhance Oversight

GAO-14-89

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GAO Highlights

Highlights of GAO-14-89, a report to the Ranking Member, Committee on Veterans' Affairs, House of Representatives

Why GAO Did This Study

In fiscal year 2012, about $4.9 billion of VA's $54 billion health care services budget was spent on nursing home care. To inform Congress of its budgeting priorities, VA prepares a budget justification, which is reviewed by OMB, that includes data on nursing home workload and expenditures in the three settings. VA also collects data on length of stay (long- and short-stay) and resident characteristics, including eligibility status, as VA is required to pay for mandatory veterans' nursing home care and may pay for discretionary care as resources permit. These data are important for Congress to understand how funding is allocated for long- and short-stay care and for residents in each setting.

GAO was asked to examine VA's nursing home program. Among other things, GAO examined (1) VA's nursing home workload in each setting, by length of stay and resident characteristics; and (2) VA's expenditures for nursing home care in each setting, by length of stay and resident characteristics. GAO analyzed VA nursing home workload and expenditure data, including fiscal year 2012, by setting, length of stay, and resident characteristics; and interviewed VA officials.

What GAO Recommends

To enhance congressional oversight of VA's nursing home program, GAO recommends that VA supplement data currently included in its budget justification with workload and expenditures by length of stay and resident characteristics. VA concurred with GAO's recommendation and stated it will provide these data upon release of its fiscal year 2015 budget.

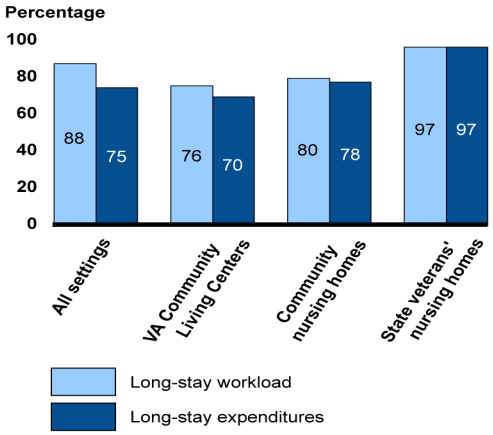
View GAO-14-89. For more information, contact Vijay D'Souza at (202) 512-7114 or dsouzav@gao.gov.

What GAO Found

In fiscal year 2012, the Department of Veterans Affairs' (VA) nursing home workload—the average number of veterans receiving nursing home care per day—was 36,250 across all of the three nursing home settings in which VA provided or paid for veterans' nursing home care. The three settings include Community Living Centers (CLCs), which are VA-owned and operated; community nursing homes with which VA contracts to provide care for veterans; and state veterans' nursing homes, which are owned and operated by states. Over half (53 percent) of this workload was provided in state veterans' nursing homes, 28 percent in CLCs, and 19 percent in community nursing homes. Nearly 90 percent of total workload was long-stay (91 days or more for residents with chronic conditions), and at least 75 percent of care provided in each of VA's three settings was long-stay. In addition, 62 percent of VA's total workload was provided to discretionary veterans (those veterans without certain levels of service-connected disabilities).

In fiscal year 2012, VA spent $3.5 billion (71 percent) of its total nursing home expenditures on care provided in CLCs, 16 percent in state veterans' nursing homes and 13 percent in community nursing homes. Seventy-five percent of total spending was for long-stay care, and at least 70 percent of spending in each setting was for long-stay care. About half of total VA spending was for discretionary veterans.

Percentage of VA Nursing Home Workload and Expenditures for Long-Stay Care, by Setting, Fiscal Year 2012



Source: GAO analysis of Department of Veterans Affairs (VA) data.

GAO found that VA does not provide nursing home workload and expenditure data by length of stay and resident characteristics in its budget justification, although the Office of Management and Budget (OMB) encourages agencies to provide such information to the maximum extent possible to justify staffing and other requirements and improve congressional decision making. As a result, VA does not provide complete information, which could hinder Congress' budgeting and oversight of VA's nursing home staffing and resource requirements.

Contents

Tables

Figures

Abbreviations

CLC	Community Living Center
OMB	Office of Management and Budget
VA	Department of Veterans Affairs
VHA	Veterans Health Administration
VISN	Veterans Integrated Service Network

U.S. GOVERNMENT ACCOUNTABILITY OFFICE
441 G St. N.W.
Washington, DC 20548

December 20, 2013

The Honorable Michael H. Michaud
Ranking Member
Committee on Veterans' Affairs
House of Representatives

Dear Mr. Michaud:

The Department of Veterans Affairs (VA) operates one of the largest health care delivery systems in the nation. In fiscal year 2012, VA served more than 6.3 million individuals through 21 health care networks at a total cost of nearly $54 billion.[1] Of this, about $6.3 billion was spent on long-term care, including institutional long-term care provided in nursing homes, and noninstitutional long-term care provided in community settings. Most of VA's spending on long-term care was for nursing home care, which accounted for about 9 percent of total VA health care spending in fiscal year 2012.[2] Nursing home care and long-term care overall are particularly important to VA, in part, because the proportion of the veteran population 65 and older—a vulnerable population that is the primary user of such care—is much larger than the proportion of individuals 65 and older in the general population. In fiscal year 2011, just over 40 percent of the veteran population was age 65 or older, compared to about 13 percent of the general population.[3] In addition, long-term care services are necessary for some younger veterans.

[1]VA's national health care system consists of regional health care networks known as Veterans Integrated Service Networks (VISN). These networks have budget and management responsibilities that include allocating budgetary resources for and managing their VA nursing home care programs.

[2]The proportion of VA long-term care resources spent on nursing homes—over 75 percent—is similar to that spent for nursing home care more generally. The Congressional Budget Office estimated that, of the $191 billion spent on long-term care services in 2011, about $134 billion (70 percent) was spent on institutional care provided in skilled nursing facilities and nursing homes. See Congressional Budget Office: *Rising Demand for Long-Term Services and Supports for Elderly People* (Washington D.C.: June 2013).

[3]See VA National Center for Veterans Analysis and Statistics, *Projected Veterans Population 2010 to 2040*, and U.S. Census Bureau, *2011 American Community Survey 1-year estimates*.

VA's nursing home program provides or pays for care in three settings. VA provides nursing home care in VA-owned and operated nursing homes known as Community Living Centers (CLC). VA also pays for care provided to veterans in community nursing homes, with which VA contracts to provide care to veterans. In addition, VA pays for all or part of the cost of care for veterans in state veterans' nursing homes, which are owned and operated by states.[4] VA's nursing home care is broadly defined by length of stay—long- and short-stay care. Long-stay care, which lasts for 91 days or more, is provided to residents who cannot be cared for at home because of severe chronic physical or mental limitations. Short-stay care, which lasts 90 days or less, includes more resource-intensive services, such as postacute care needed for residents recuperating from a stroke or hip replacement.

VA provides nursing home services to veterans depending, in part, on their eligibility status—that is, whether the veteran is receiving care on a mandatory or discretionary basis. VA is required by law to provide nursing home care for two categories of veterans, known as mandatory veterans: (1) veterans who need nursing home care because of a service-connected disability,[5] i.e., a condition related to their military service; and (2) veterans who need nursing home care and who also have a service-connected disability rated at 70 percent or greater.[6] Additionally, VA may provide nursing home care to eligible veterans on a discretionary basis as capacity and resources permit.[7]

[4]In addition to paying for all or some of the cost of care for eligible veterans, VA is generally authorized to pay up to 65 percent of the costs of construction of state veterans' nursing homes.

[5]A service-connected disability is an injury or disease that was incurred or aggravated while on active duty. VA classifies veterans with service-connected disabilities according to the extent of their disability. These classifications are expressed in terms of percentages—for example, the most severely disabled veteran would be rated as having a service-connected disability of 100 percent. Percentages are assigned in increments of 10 percent.

[6]See 38 U.S.C. § 1710A (a), (d). Unless reauthorized by Congress, this provision will terminate on December 31, 2013. VA officials also informed us that mandatory veterans also include veterans who have a service-connected disability rating of total disability based on individual unemployability. Although this group is not listed specifically in legislation, VA officials told us that these veterans are, by definition, included in the categories of veterans for whom VA is required by law to pay the full cost of nursing home care.

[7]See 38 U.S.C. § 1710 (a).

We previously found that VA did not collect data on veterans' eligibility status and length of stay for all three nursing home settings. Specifically, in 2004, we found that VA lacked such data for community nursing homes and state veterans' nursing homes, and concluded that gaps in VA data impeded VA's oversight of its nursing home program.[8] In addition, in 2006, we found that VA did not compile information on key characteristics of nursing home residents—including age and eligibility status—and that VA needed this information to plan for nursing home care.[9] We recommended that VA collect and report on these measures to improve on the completeness of data needed for VA's oversight. VA implemented these recommendations and now has such data for planning and budgetary purposes.

Nursing home care is funded as part of VA's overall annual appropriation for health care services, and VA makes available resources for nursing home care in the context of competing demands for health services based on the fixed amount of appropriated funds. Although VA is required to provide nursing home care for mandatory veterans, it has considerable control over the amount the agency allocates for discretionary nursing home care. VA prepares an annual budget justification for Congress in support of the President's budget request. The budget justification provides Congress with information on what VA plans to achieve with the resources requested for nursing home care and other health care services. In its budget justification, VA reports on workload and expenditures for nursing home care and other health care services. For nursing home workload, VA reports average daily census (the average number of veterans in nursing home beds on any given day of the year) in each nursing home setting. VA reports expenditures in terms of total expenditures and per diem expenditures (average daily expenditures per resident) in each nursing home setting.[10] VA's budget justification is reviewed by the Office of Management and Budget (OMB), which

[8]GAO, *VA Long-Term Care: Oversight of Nursing Home Program Impeded by Data Gaps*, GAO-05-65 (Washington, D.C.: Nov.10, 2004).

[9]*VA Long-Term Care: Data Gaps Impede Strategic Planning for and Oversight of State Veterans' Nursing Homes*, GAO-06-264 (Washington, D.C.: Mar.31, 2006).

[10]In this report, we use the term expenditures to refer to obligations, which VA reports in its budget justification. Obligations refer to a definite commitment creating a legal liability to make payments immediately or in the future. An obligation is incurred, for example, when an agency awards a contract to a private entity.

encourages agencies to provide information on workload and unit costs, such as per diem expenditures, in budget justifications to the maximum extent possible to justify staffing and other requirements.[11] OMB states in guidance to agencies that providing more detailed information on federal programs and spending can improve congressional decision making.[12] As a result, VA nursing home workload and expenditure data are important to Congress in providing oversight of budgeting and health care services, and understanding how the budget they approve is allocated for nursing home care by length of stay, mandatory and discretionary veterans, and age. In recent years, we have identified weaknesses regarding VA's inclusion and presentation of health care information in its budget justification, including nursing home care, and made recommendations to improve the information included and how it is presented.[13]

You asked us to conduct a review of VA's nursing home care provided in the three settings to better understand differences in spending and the type of care provided in each setting. In this report we examine: (1) the factors considered in deciding the nursing home setting in which veterans receive care; (2) VA's nursing home workload in each setting, by length of stay and resident characteristics; and (3) VA's expenditures for nursing home care in each setting, by length of stay and resident characteristics.

To examine the factors considered in deciding the nursing home setting in which veterans receive VA care, we interviewed officials in the Veterans Health Administration's (VHA)[14] Office of Geriatrics and Extended Care, which oversees CLCs and the community nursing home program, and officials from VHA's Chief Business Office, which has financial oversight of the state veterans' nursing home program, including oversight of veterans' eligibility for VA-funded nursing home care, and the amount

[11]OMB Circular A-11, Section 51, *Basic Justification Materials* (Washington, D.C.: Jul. 26, 2013).

[12]OMB Circular A-11, Section 200, *Overview of the Federal Performance Framework* (Washington, D.C.: Jul. 26, 2013).

[13]See GAO, *VA Health Care: Long-Term Care Strategic Planning and Budgeting Need Improvement*, GAO-09-145 (Washington, D.C.: Jan. 23, 2009); and GAO, *Veterans' Health Care Budget: Improvements Made, but Additional Actions Needed to Address Problems Related to Estimates Supporting President's Request*, GAO-13-715 (Washington, D.C.: Aug. 8, 2013).

[14]VHA administers VA's health care system.

paid by VA for these veterans. We discussed with these officials how the nursing home settings differ in terms of their organizational structure and the types of services typically offered at each setting. We also discussed VA's process for referring veterans for nursing home care, and the factors considered in deciding which nursing home setting will be used to provide care for eligible veterans. We reviewed relevant laws, regulations, and VA policies and procedures regarding the provision of nursing home care to veterans in CLCs, community nursing homes, and state veterans' nursing homes.

To examine nursing home workload in each of VA's three nursing home settings, we analyzed data provided by VA on average daily census for fiscal years 2010–2012, the most recent data available at the time of our analysis, at the national level for each setting, and for each of the 21 networks.[15] We analyzed average daily census by length of stay (short and long stays) and by resident characteristics—age and eligibility status—at the national level and for each of the 21 networks.[16] We also assessed the extent to which VA reported nursing home workload data in its budget justification to Congress to the maximum extent possible to justify staffing and other requirements, as encouraged by OMB.[17] In addition, we interviewed VA officials from the Office of Analytics and Business Intelligence, which is responsible for program analysis and reporting.

To examine VA expenditures for nursing home care, we analyzed expenditure data provided by VA for each of the three nursing home settings from fiscal years 2010–2012, the most recent data available at the time of our analysis, at the national level and for each of the 21 networks.[18] We analyzed expenditure data by length of stay and resident

[15]We use average daily census as our workload measure in this report because it is the workload measure that VA uses in its budget justification when reporting on nursing home care.

[16]Data on certain resident characteristics were missing for a small percentage of workload data for state veterans' nursing homes in fiscal year 2012—specifically, 7 percent of data on eligibility status, and 3 percent of data on age, were missing for state veterans' nursing homes. Across all settings combined, this resulted in eligibility status missing for 4 percent, and age missing for 2 percent, of the workload data for fiscal year 2012.

[17]OMB Circular A-11, Section 51, *Basic Justification Materials.*

[18]Our analysis showed that workload and expenditure trends were generally consistent over the 3-year period, therefore, we focused our review on fiscal year 2012 data.

characteristics at the national level and for each of the 21 networks.[19] We also assessed the extent to which VA reported nursing home expenditure data in its budget justification to Congress to the maximum extent possible to justify staffing and other requirements.[20] In addition to the officials noted above, we interviewed officials from VHA's Office of Finance, which is responsible, in part, for developing VA budget estimates.

To assess the reliability of VA's workload and expenditure data we took several steps. We compared the data to the data contained in VA's annual budget justification.[21] We also reviewed available documentation on the underlying data systems that VA used to generate the data. Additionally, we discussed with VA officials the methodology used to generate the data, and the comparability of the data across the three nursing home settings. We also conducted internal checks for logic and consistency of the data by comparing workload and expenditure data (broken out by length of stay and resident characteristics in each setting) to total workload and expenditures in each setting. We discussed and resolved any discrepancies we found with VA officials. We found the data reliable for the purposes of our engagement.

We conducted this performance audit from May 2013 to December 2013 in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

[19]Similar to workload data, data on certain resident characteristics were missing for a small percentage of expenditure data for state veterans' nursing homes in fiscal year 2012—specifically, 6 percent of data on eligibility status, and 3 percent of data on age, were missing for state veterans' nursing homes. Across all settings combined, this resulted in eligibility status missing for 1 percent, and age missing for less than 1 percent, of the expenditure data for fiscal year 2012.

[20]OMB Circular A-11, Section 51, *Basic Justification Materials.*

[21]The proportions of workload accounted for by each nursing home setting are generally consistent with the workload data that VA publishes in its annual budget justification.

Background

Nationwide, VA provides or pays for veterans' nursing home care in three settings: CLCs, community nursing homes, and state veterans' nursing homes.[22] These settings vary in terms of their characteristics, as well as the cost of care that is covered for eligible veterans.

VA provides nursing home care to veterans in 134 CLCs nationwide. CLCs are typically within or in close proximity to VA medical centers. VA requires CLCs to meet The Joint Commission's long-term care standards.[23] VA covers the full cost of care provided to mandatory veterans in CLCs, while discretionary veterans may be required to pay a copayment depending on their income or other factors.

In addition, VA contracts with approximately 2,500 community nursing homes to provide nursing home care to veterans. To participate in VA's nursing home program, community nursing homes generally must meet certain VA standards, including being state licensed and certified to participate in Medicare or Medicaid,[24] and meet VA's own minimum care standards. VA also requires VA health care facilities to evaluate community nursing homes prior to contract award, and annually at renewal to ensure they are compliant with state and federal requirements, and are continuing to provide veterans an acceptable standard of care. VA pays community nursing homes per diem rates that are tiered based on the intensity of resources required to provide care.[25] The homes may not bill any other payer for nursing home care provided to veterans. VA

[22]Most veterans do not receive their nursing home care from the VA program but instead receive it from other providers. For veterans who do not receive their nursing home care from the VA program, care is financed by programs such as Medicaid, Medicare, private health or long-term care insurance, or out-of-pocket spending by the residents.

[23]See Veterans Health Administration Handbook 1142.01, *Criteria and Standards for VA Community Living Centers* (Aug. 13, 2008). The Joint Commission is an independent organization that accredits and certifies health care organizations and programs in the United States.

[24]Medicare is the federal health insurance program for people age 65 and older, individuals under age 65 with certain disabilities, and individuals diagnosed with end-stage renal disease. Medicaid is a federal-state program that provides health care coverage to certain categories of low-income individuals.

[25]VA generally determines its per diem rates to community nursing homes in part by using Resource Utilization Groups to classify residents based on their treatment needs and the resources needed to provide that care. The eight groups used by VA include residents who are clinically complex, with behavioral and cognitive performance issues, and those with reduced physical functioning.

pays for the full cost of care for mandatory veterans, while discretionary veterans may be subject to a similar copayment as in CLCs depending on their income or other factors. However, VA is generally restricted by law from paying for more than 6 months of care for discretionary veterans.[26] These veterans must therefore have other sources of payment, and, according to VA officials, most long-stay residents may enroll in Medicaid, have private long-term care insurance, or pay for care through out-of-pocket spending.

VA also pays for all or part of veterans' care in 140 state veterans' nursing homes nationwide. For state veterans' nursing homes, VA pays at least a portion of the cost of providing nursing home care for eligible veterans in these homes, but does not control the admission process. Veterans are admitted based on eligibility criteria as established by state requirements. For state veterans' nursing homes to participate in VA's program, however, VA generally requires that at least 75 percent of the residents be veterans.[27] In addition, VA requires state veterans' nursing homes to be certified by VA annually, and ensures compliance with its standards through surveys and audits.[28] Each fiscal year, VA establishes the per diem rates paid to state veterans' nursing homes for care provided to veterans. For mandatory veterans, VA pays a higher per diem that covers the full cost of care, including medications.[29] For discretionary veterans, VA pays the lesser of the basic per diem established by VA or

[26]Nursing home care can be extended beyond the 6 months in certain limited circumstances, such as for a period up to 45 days when the need for care continues to exist and the veteran's eligibility for a public assistance program has been temporarily delayed. See 38 U.S.C. § 1720, 38 C.F.R. § 17.60.

[27]The percentage of the facility residents eligible for care in state veterans' nursing homes must be at least 75 percent veterans; however, if the facility was constructed or renovated solely with non-VA funds the veteran percentage need only be more than 50 percent.

[28]About two-thirds of state veterans' nursing homes participating in VA's nursing home program are also Medicare- or Medicaid-certified.

[29]VA is required by law to enter into either contracts or provider agreements with state veterans' nursing homes to pay for mandatory veterans' care. Under contract, VA pays state veterans' nursing homes either a negotiated rate or, upon request by homes that were serving veterans as of August 2012, a rate based on reimbursement levels in effect at that time. Under provider agreements, VA pays state veterans' nursing homes using a formula identified in federal regulations that reflects prevailing rates payable in the homes' respective geographic locations. See 38 C.F.R. § 51.41.

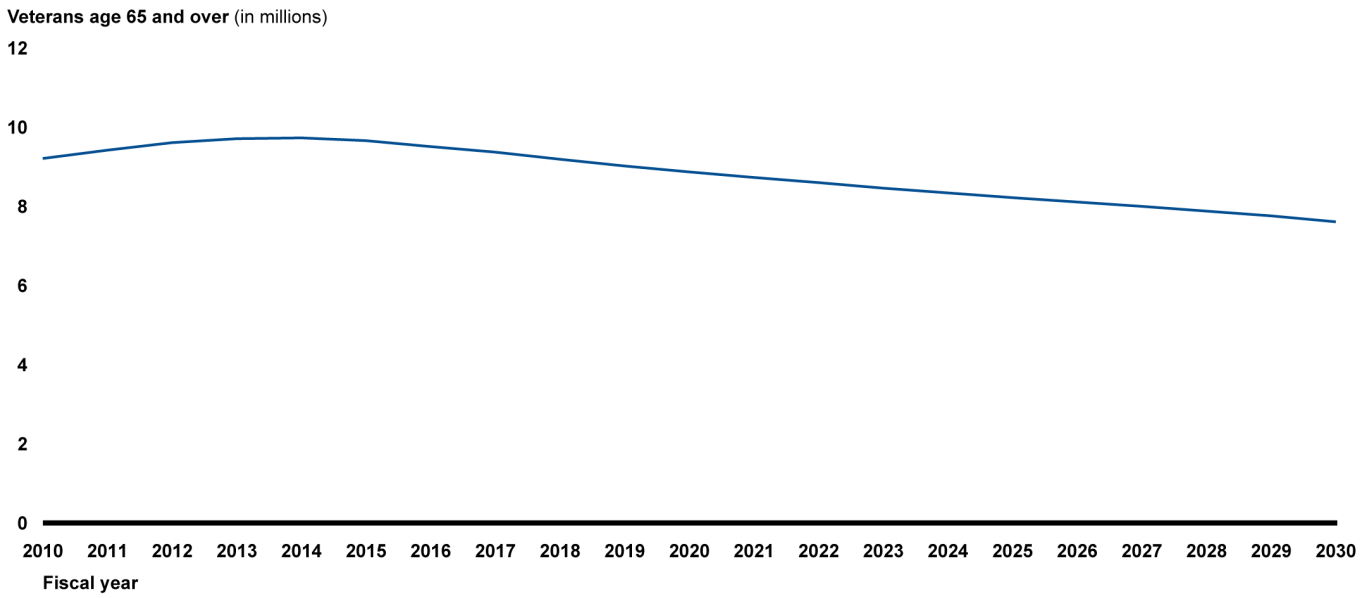
one-half of the total daily cost of care.[30] However, unlike community nursing homes, there is no restriction on the number of days for which VA may pay for care for discretionary veterans in state veterans' nursing homes. As part of VA's support and oversight of state veterans' nursing homes, VA medical centers of jurisdiction process and approve per diem reimbursements for the state veterans' nursing homes located in their geographic areas. In addition to paying some or all of the cost of providing nursing home care to veterans, VA supports state veterans' nursing homes by awarding grants to states for construction or renovation of facilities. These grants are awarded following VA's review and approval of proposals submitted by state officials. In addition to per diem payments and construction grants from VA, state veterans' nursing homes may receive payments from a number of different sources, including Medicare and Medicaid.

While veterans of all ages may need VA nursing home care, the need for such care increases with age because elderly veterans are more likely to have functional or cognitive limitations that indicate a need for nursing home care.[31] The overall number of elderly veterans is projected to peak in 2014 and decline thereafter (see fig. 1). However, the percentage of elderly veterans is expected to remain relatively unchanged due to a decline in the overall veteran population. Although the need for VA nursing home care remains, for over a decade VA has highlighted the potential benefits of providing veterans with alternative options for long-term care—specifically, less costly home and community-based care—in an effort to lessen the need for more costly nursing home care. For example, in its 2014 budget justification, VA proposed legislation that would authorize VA to pay for care in VA-approved medical foster homes for veterans who would otherwise need nursing home care.

[30]See 38 C.F.R. § 51.40. Federal regulations define the basic per diem as the lesser of (i) half of the cost of care for each day the veteran is in the facility or (ii) the basic per diem rate for the fiscal year established by VA.

[31]Functional limitations are physical problems that limit a person's ability to perform routine daily activities, such as eating, bathing, dressing, paying bills, and preparing meals. Cognitive limitations are losses in mental acuity that may also restrict a person's ability to perform such activities. Institutionalization in a nursing home is more common at older ages—in 2010, about 1 in 8 people age 85 or older resided in institutions, compared with 1 percent of people ages 65 to 74. See Congressional Budget Office: *Rising Demand for Long-Term Services and Supports for Elderly People* (Washington D.C.: June 2013).

Figure 1: U.S. Veteran Population Projections, Fiscal Years 2010-2030



Source: GAO analysis of Department of Veterans Affairs (VA) data.

Note: This figure includes data on all veterans 65 and older, regardless of whether they receive health care from VA or non-VA providers.

Decisions Regarding Which Nursing Home Setting Is Used to Provide Care Are Decentralized, and Vary Based on Multiple Factors

Decisions about the nursing home setting in which a veteran will receive care are decentralized to the local level because of several factors, including variability in the choice of available settings, the nursing home care services available, and admissions policies at each type of setting. In addition, veterans' nursing home service needs, eligibility status, and preferences about the location of care are considered in deciding the setting to choose.

Decision Making Is Decentralized Due to Variation in Several Factors, Including Availability of Nursing Home Settings, Services, and Admissions Policies at Local Level

VA program officials told us that the decisions as to which nursing home setting would be used are decentralized to the local level because they are dependent upon several factors including the type of setting available in each community, and availability varies considerably across locations. For example, veterans in need of nursing home care in Augusta, Maine who wish to stay within about a 50-mile radius may have the option of receiving care from several settings including 1 CLC, 12 community nursing homes and 2 state veterans' nursing homes, assuming availability of beds and resources. However, veterans in Saginaw, Michigan wishing to stay within a similar radius may have the option of receiving care from 1 CLC and 3 community nursing homes, depending on the availability of beds and resources, since the only 2 state veterans' nursing homes are over 100 miles away.

In addition, VA officials told us that decisions about which setting is used are based upon veterans' specific nursing home service needs, and settings varied in the type of specific services offered. For example, officials told us that in certain geographic areas CLCs provide certain services that are not available in the community, such as dementia care, behavioral health services, and care for ventilator-dependent residents. In other areas, however, officials told us that these specialized services might not be available in a CLC and instead might be available at a community nursing home. When an individual medical center has more than one CLC in its service area, each CLC may offer a unique set of services. Therefore, according to officials, the availability of different types of services in each nursing home setting depends largely on location.

VA officials further told us that admissions policies are generally the same for all CLCs, but may vary for community nursing homes and state veterans' nursing homes. CLCs are required to provide care based on agency-wide policies; therefore, eligibility criteria and admissions policies are generally uniform across the country. An interdisciplinary team—including personnel such as a registered nurse, social worker, recreation therapist, medical provider, dietitian, and any other discipline(s) directly involved in the care of the resident—at the VA medical center of jurisdiction determines whether the veteran has a clinical need for nursing home care. This determination is to be based on a comprehensive clinical assessment of medical, nursing and therapy needs; level of functional impairment; cognitive status; rehabilitation needs; and special emphasis care needs, such as spinal cord injury or end-of-life care. Each CLC is required to use a standardized instrument that is used by all Centers for Medicare & Medicaid Services-certified nursing homes for assessment, treatment planning, and documentation and evaluation of care and

services. Three key factors are considered at the time of admission: (1) the specific services to be provided; (2) whether the stay is short or long; and (3) the setting to which the resident will be discharged.

Admissions policies are generally standardized for community nursing homes, but may vary for state veterans' nursing homes based on state requirements. Community nursing homes are required to be certified for participation in the Medicare and Medicaid programs, and use the same standardized instrument for assessment, evaluation and treatment planning as CLCs. VA officials told us that community nursing homes are required to accept all eligible veterans referred by VA, subject to availability of beds and required resources. State veterans' nursing homes are not required to provide VA with documentation of their admissions policies. Since these homes are state-owned and operated entities they are subject to admissions and eligibility criteria that vary from state to state. For example, for admission, state veterans' nursing homes in Alabama require the veteran to have 90 days of service, at least one day of which was wartime service. In contrast, state veterans' nursing homes in New York require the veteran to have only 30 days of active service, while homes in Florida do not require any wartime service.

Veterans' Eligibility Status and Location Preferences Also Determine the Type of Setting Used

In addition to the type of available settings, the nursing home care services available, and admissions policies at each type of setting, VA officials told us that veterans' eligibility status, and preferences about remaining close to home and family or willingness to travel to a nursing home setting were important considerations. For example, a discretionary veteran with a preference for staying close to home might be a candidate for admission to a community nursing home or a state veterans' nursing home if a CLC was too far away. However, officials told us that because of the veteran's discretionary status, he or she would be informed of VA's restriction of coverage to only the first 180 days of care in the community nursing home, and staff would assist the veteran in obtaining Medicaid coverage. The veteran's eligibility status would be less important if admission was made to the state veterans' home since the restriction on length of coverage would not apply to this setting. However, officials emphasized that these considerations were made within the context of the availability of specific settings, specific services, and eligibility criteria and admissions policies across locations. Given the variability in these factors, veterans in two different communities with the same service needs, eligibility status and preferences might be admitted to different settings.

State Veterans' Nursing Homes Provided Care for over Half of VA's Total Nursing Home Workload, and Workload in All Three Settings Was Mostly Long Stay

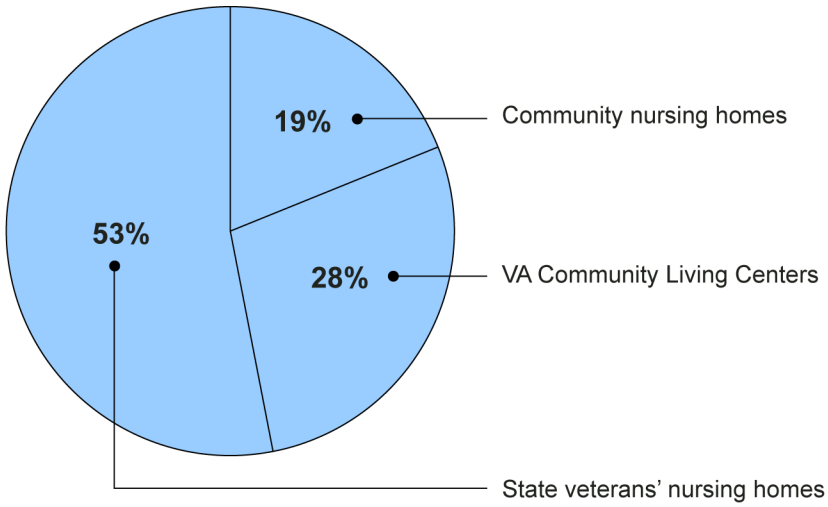
Of the three VA nursing home settings, state veterans' nursing homes provided care for just over half of VA's nursing home workload in fiscal year 2012. VA's total nursing home workload was primarily long stay that year. Most of the nursing home care that VA provided or paid for in fiscal year 2012 was for discretionary veterans and for residents ages 65 to 84 years old. In addition, veterans' eligibility status and age varied by setting.

State Veterans' Nursing Homes Provided Care for over Half of VA's Nursing Home Workload in Fiscal Year 2012

State veterans' nursing homes accounted for 53 percent of the workload—measured by average daily census—for which VA provided or paid for care in fiscal year 2012. CLCs provided care for 28 percent of the total workload, and community nursing homes provided care for 19 percent of the workload. (See fig. 2.) In fiscal year 2012, the most recent year for which data were available, state veterans' nursing homes provided care to an average of 19,355 residents per day, out of the total average daily workload of 36,250 residents for whom VA provided or paid for nursing home care. This and other workload patterns we examined have been consistent in recent years based on VA data for fiscal years 2010-2012.[32]

[32]As a result, we focus our workload analysis in this report on fiscal year 2012.

Figure 2: Percentage of VA Nursing Home Workload by Setting, Fiscal Year 2012



Source: GAO analysis of Department of Veterans Affairs (VA) data.

Note: The workload measure is the average daily census, which represents the average number of veterans residing in a nursing home on any given day of the year. Average daily census is calculated by dividing the total number of days of nursing home care provided in a year by the number of days in the year. In fiscal year 2012, the average daily census was 36,250 nursing home residents—9,991 in VA Community Living Centers, 6,904 in community nursing homes, and 19,355 in state veterans' nursing homes.

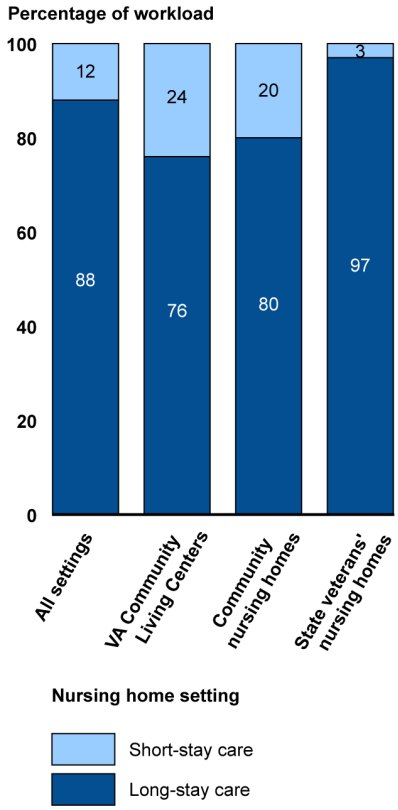
At the network level, the proportion of nursing home workload in each setting varied widely by network, particularly the range of workload in state veterans' nursing homes compared to the other settings. For example, state veterans' nursing homes comprised 74 percent of total VA nursing home workload in Veterans Integrated Service Network (VISN) 16 (South Central VA Health Care Network), compared to 20 percent of the nursing home workload in VISN 21 (Sierra Pacific Network). (See app. I for more information on nursing home workload by network and setting.)

Workload in All Three Nursing Home Settings Was Primarily Long Stay

Overall, long-stay care accounted for nearly 90 percent of VA's total nursing home workload in fiscal year 2012 (31,750 of the 36,250 residents for whom VA provided or paid for care each day), and long-stay care accounted for at least three-quarters of all workload in each of VA's three nursing home settings. (See fig. 3.) Of the three settings, state veterans' nursing homes had the largest proportion of long-stay workload (97 percent) compared to community nursing homes (80 percent) and VA's CLCs (76 percent). These patterns were consistent from fiscal year

2010 through fiscal year 2012. VA officials told us that they examine workload data by length of stay for planning purposes, but do not make these data available publicly.

Figure 3: Percentage of VA Nursing Home Workload by Long-Stay and Short-Stay Care, Fiscal Year 2012



Source: GAO analysis of Department of Veterans Affairs (VA) data.

Note: The workload measure is the average daily census, which represents the average number of veterans residing in a nursing home on any given day of the year. Average daily census is calculated by dividing the total number of days of nursing home care provided in a year by the number of days in the year. In fiscal year 2012, the total average daily census was 36,250 nursing home residents—9,991 in VA Community Living Centers, 6,904 in community nursing homes, and 19,355 in state veterans' nursing homes.

For all of the networks, the majority of workload was long-stay. The proportion of long-stay workload ranged from 80 percent to 95 percent, with the lowest proportion of long-stay workload in VISN 18 (VA Southwest Health Care Network), VISN 21 (Sierra Pacific Network), and VISN 22 (Desert Pacific Healthcare Network), and the highest proportion of long-stay workload in VISN 3 (VA New York/New Jersey Veterans

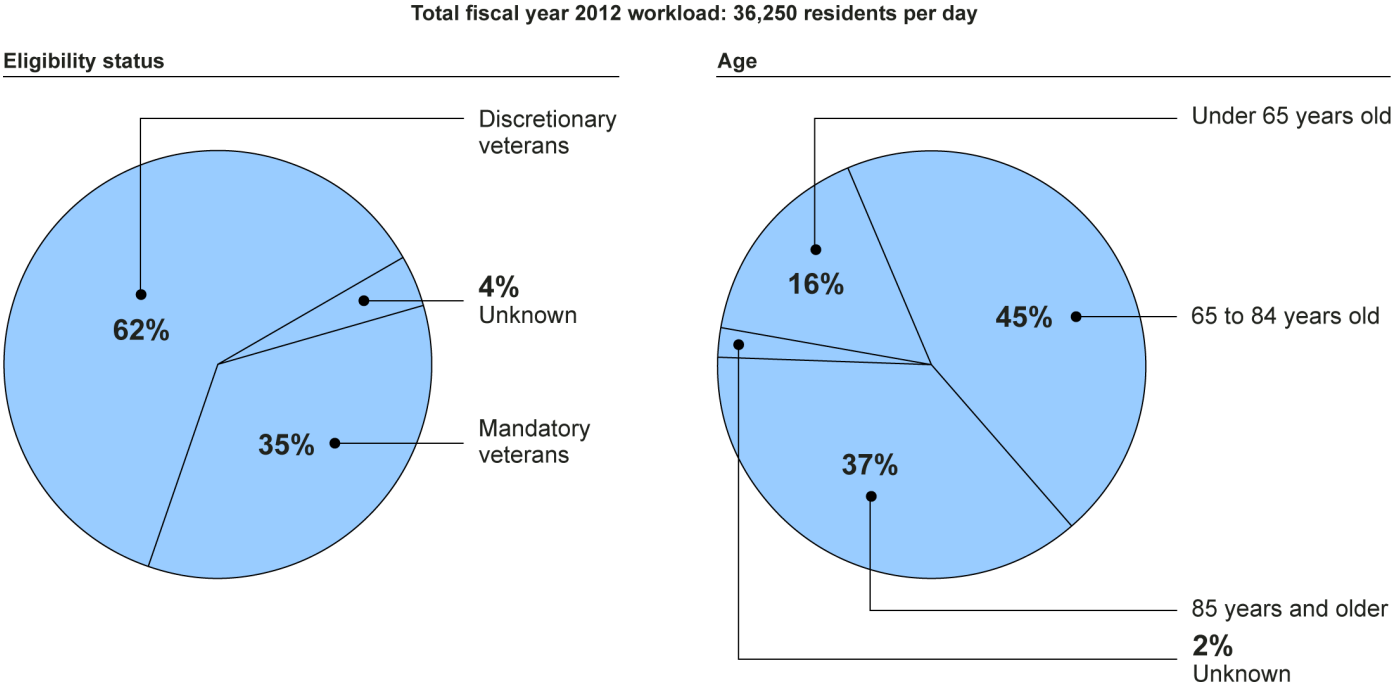
Healthcare Network). (See app. II for information on workload by network and length of stay.)

VA officials said that they thought long-stay care (measured by average daily census) accounted for a high proportion of CLC workload because CLCs provide a number of long-stay programs for veterans who are unable to access certain nursing home services in other settings. For example, according to VA officials, some CLCs offer specialized long-stay programs for residents with dementia or spinal cord injuries, and may also serve residents with mental or behavioral health conditions who are not eligible for nursing home care in other settings.

Discretionary Veterans and Veterans Age 65 to 84 Accounted for Most of VA's Nursing Home Workload

Nearly two-thirds (62 percent) of VA's nursing home care in fiscal year 2012 was provided to discretionary veterans, while just over one-third (35 percent) was provided to mandatory veterans. When examined by age group, nursing home residents 65 through 84 years of age comprised a larger proportion of the workload than other age groups, amounting to 45 percent of VA's nursing home workload. Residents age 85 and older amounted to 37 percent, and those under 65 years of age amounted to 16 percent. (See fig. 4.)

Figure 4: Percentage of VA Nursing Home Workload by Eligibility Status and Age, Fiscal Year 2012



Source: GAO analysis of Department of Veterans Affairs (VA) data.

Note: The workload measure is the average daily census, which represents the average number of veterans residing in a nursing home on any given day of the year. Average daily census is calculated by dividing the total number of days of nursing home care provided in a year by the number of days in the year.

At the network level, workload by resident characteristics generally mirrored overall patterns. Workload for most networks was largely discretionary, with discretionary care comprising at least half of the workload in 20 of VA's 21 networks. Discretionary workload ranged from 40 percent of total workload in VISN 21 (Sierra Pacific Network) to 69 percent of total workload in VISN 7 (VA Southeast Network) and VISN 3 (VA New York/New Jersey Veterans Healthcare Network). (See app. III for information on workload by network and eligibility status.) In addition, residents 65 through 84 years of age comprised similar proportions of workload in each network. Specifically, the proportion of workload for residents 65 through 84 years of age ranged from 42 percent in VISN 1 (VA New England Healthcare System), VISN 3 (VA New York/New Jersey Veterans Healthcare Network), VISN 15 (VA Heartland Network), and VISN 21 (Sierra Pacific Network) to 50 percent in VISN 6 (VA Mid-Atlantic Health Care Network) and VISN 11 (Veterans in Partnership). (See app. IV for information on workload by network and resident age.)

Veterans' Eligibility Status and Age Varied by Setting

The proportion of nursing home workload by veterans' eligibility status—mandatory veterans compared to discretionary veterans—varied widely by setting. State veterans' nursing homes provided the highest proportion of discretionary care compared to the other nursing home settings—84 percent of workload in state veterans' nursing homes was for care provided on a discretionary basis, compared to 48 percent of workload in CLCs and just 18 percent in community nursing homes. Conversely, community nursing homes provided the highest proportion of mandatory care (82 percent of workload), followed by CLCs (52 percent) and state veterans' nursing homes (9 percent). (See table 1.)

Table 1: Percentage of VA Nursing Home Workload, by Setting and Resident Characteristics, Fiscal Year 2012

		Percentage of VA nursing home workload		
Resident characteristics		**VA Community Living Centers**	**Community nursing homes**	**State veterans' nursing homes**
Eligibility status	Discretionary	48	18	84
	Mandatory	52	82	9
	Total	**100**	**100**	**93**[a]
Age	Under 65	27	24	8
	65-84	49	46	43
	85 and older	24	30	46
	Total	**100**	**100**	**97**[b]

Source: GAO analysis of Department of Veterans Affairs (VA) data.

Note: The workload measure is the average daily census, which represents the average number of veterans residing in a nursing home on any given day of the year. Average daily census is calculated by dividing the total number of days of nursing home care provided in a year by the number of days in the year.

[a]Total percentage for veterans' eligibility status in state veterans' nursing homes does not add up to 100 because 7 percent of data on eligibility status are missing for this setting.

[b]Total percentage for veterans' age in state veterans' nursing homes does not add up to 100 because 3 percent of data on age are missing for this setting.

The proportion of workload by age group also varied among the three settings. Of the three settings, state veterans' nursing homes had the highest proportion of workload for veterans age 85 and older. State veterans' nursing homes also had the smallest proportion of workload for residents under age 65, who constituted less than a tenth of the workload. CLCs and community nursing homes had about the same proportions of workload for each age group, and in contrast to state veterans' nursing homes, they had higher proportions of workload for residents under age 65 (27 and 24 percent of workload, respectively, compared to 8 percent).

These patterns indicate that the characteristics of resident populations varied distinctly across settings. A higher proportion of workload in state veterans' nursing homes was for discretionary and older veterans than in the other two settings. In addition, while workload in CLCs and community nursing homes had a similar age distribution of residents, community nursing homes had a higher proportion of workload for mandatory veterans than CLCs.

VA officials told us that, at the national level, they rely on workload data for planning and budgeting purposes, especially to ensure that there are adequate resources to serve mandatory veterans. Officials said that reviewing the mix of mandatory versus discretionary veterans is particularly important since VA is required to serve the needs of mandatory veterans. VA officials told us that age data are also becoming important because VA now has a cohort of younger residents, and VA needs to be attuned to these population changes to ensure the required services are available. However, VA does not currently publish data on nursing home workload disaggregated by length of stay and resident characteristics in its budget justification. As a result, VA is not providing workload data on nursing home care provided or paid for to the maximum extent possible as encouraged by OMB guidance to justify staffing and other requirements. Congressional stakeholders therefore have incomplete information on the type of workload (long-stay or short-stay) being provided in each nursing home setting, as well as how settings differ in eligibility status and age of residents they serve. The lack of such information could hinder congressional budgeting and program decision making and oversight regarding VA's staffing and resource requirements for providing nursing home care.

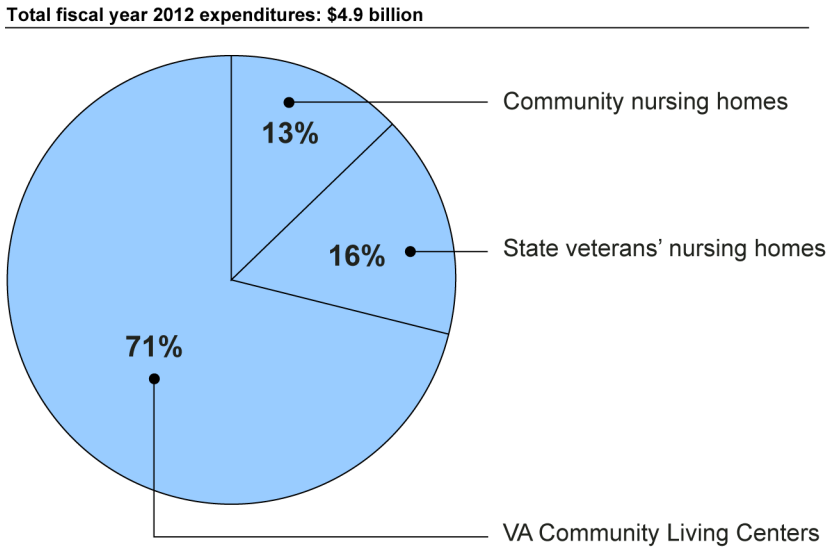
Most of VA's Nursing Home Spending Was for CLCs and Most Spending in All Three Settings Was for Long-Stay Care

Just under three-quarters of VA's total nursing home expenditures in fiscal year 2012 were for care provided in CLCs. In addition, per diem expenditures in CLCs—i.e., the average daily cost per resident—were significantly higher than the per diem expenditures in community nursing homes and state veterans' nursing homes. Over half of VA's nursing home spending was for discretionary care and nearly half of spending was for veterans age 65 to 84. However, spending by eligibility status and age cohort varied by VA nursing home setting.

Nearly Three-Quarters of Total Spending Was for CLCs and CLC Per Diem Expenditures Were Considerably Higher than Per Diem Expenditures in Other Settings

In fiscal year 2012, VA spent more for care provided in CLCs than in the other two settings combined. Seventy-one percent ($3.5 billion) of VA's total expenditures was spent on care provided in CLCs (see fig. 5), although CLCs accounted for 28 percent of the total workload. Conversely, VA spent 16 percent (about $800 million) for nursing home care in state veterans' nursing homes, although state veterans' nursing homes accounted for 53 percent of VA's nursing home workload. The share of VA expenditures in each setting and other expenditure patterns we examine below remained relatively unchanged between fiscal years 2010-2012.[33]

Figure 5: Percentage of VA Total Nursing Home Expenditures by Setting, Fiscal Year 2012



Source: GAO analysis of Department of Veterans Affairs (VA) data.

Similar to workload, the proportion of VA nursing home expenditures accounted for by each setting varied widely by network. For example, nearly 90 percent of VA's expenditures in VISN 5 (VA Capitol Health Care Network) were for care provided in CLCs, whereas in VISN 19 (Rocky Mountain Network) just 48 percent of expenditures were for care provided in CLCs. (See app. V for more information on nursing home expenditures by network and setting.)

[33]As a result, we focus our expenditure analysis in this report on fiscal year 2012.

In addition to CLCs accounting for most of VA's total nursing home expenditures, the per diem expenditure in CLCs was considerably higher than that for community nursing homes and state veterans' nursing homes, as also reported in VA's annual budget justification. Specifically, while the per diem expenditure across all settings in fiscal year 2012 was $370, the per diem expenditure in CLCs was nearly 4 times higher than for community nursing homes, and about 8 times higher than for state veterans' nursing homes—$953 compared to $244 and $113, respectively.[34] (See table 2.) We also found that the per diem expenditure for CLCs was substantially higher than the per diem expenditure for community nursing homes and state veterans' nursing homes, regardless of the resident's length of stay. Although the short-stay per diem expenditure in CLCs ($1,167) was substantially more than the per diem expenditure for long stays ($884), both were considerably higher than the per diem expenditures for community nursing homes and state veterans' nursing homes.

Table 2: Per Diem Expenditures, by Setting and Length of Stay, Fiscal Year 2012

Nursing home setting	All stays	Short stays	Long stays
VA Community Living Centers	$953	$1,167	$884
Community nursing homes	244	265	239
State veterans' nursing homes[a]	113	113	113
All settings	**$370**	**$732**	**$318**

Source: GAO analysis of Department of Veterans Affairs (VA) data.

Note: The per diem expenditure is the average expenditure per resident per day (total expenditures divided by the total days of care).

[a]VA pays state veterans' nursing homes a per diem that is generally about one-third the total cost of care, and VA data show that state veterans' nursing homes overwhelmingly serve discretionary veterans. VA pays the same per diem for short- and long-stay care in state veterans' nursing homes, although it pays a higher per diem for mandatory veterans.

[34]The average per diem that VA paid through its community nursing home program was generally similar to the average national per diem for nursing home care purchased in a community setting. The national average per diem for a semi-private room (which is what VA officials told us that VA covers for veterans admitted to community nursing homes) in 2012 was $222. See MetLife Mature Market Institute, "*Market Survey of Long-Term Care Costs: The 2012 MetLife Market Survey of Nursing Home, Assisted Living, Adult Day Services, and Home Care Costs"* (New York, NY; November 2012).

VA officials told us that they have not done any studies comparing the reasons for differences in per diem expenditures across settings because such expenditures are not comparable. However, VA officials provided us with a breakdown of the various components of total and per diem expenditures in CLCs. (See table 3.) VA officials indicated that "core" CLC expenditures, which account for about 40 percent of total CLC per diem expenditures, would be comparable to the care that VA pays for in community nursing homes and state veterans' nursing homes. In addition to these core expenditures, VA's expenditures for CLCs in fiscal year 2012 included direct care expenditures for physicians and other medical personnel staffing, indirect care expenditures for education and research, and overhead expenditures related to VA national programs, among others. In particular, VA officials noted that CLCs are often located in or within close proximity to a VA medical center, and that the facility expenditures alone for CLCs are generally higher than those of community nursing homes and state veterans' nursing homes, which are generally stand-alone facilities. In fiscal year 2012, for example, the per diem expenditure for CLC facility costs alone was $234, roughly comparable to the entire per diem that VA paid for veterans to receive care in community nursing homes that year. VA officials also told us that while the amount of nursing staff in community nursing homes is similar to that of CLCs, the skill level may not be as high. For example, CLCs may hire more licensed and registered nurses due to the needs of the residents in CLCs. VA officials also told us that expenditures for emergency medical care would not be included in the community nursing home per diem expenditures, but that these expenditures are included for CLC residents. In addition, while the cost of routine medications is covered under the community nursing home per diem, any high-cost medications are not, although they are accounted for in the overall expenditures for operating the community nursing home program. Officials also noted that per diem expenditures for state veterans' nursing homes only represent a portion of the total expenditures for care, with the remainder being paid for by the state and the veteran.

Table 3: Composition of VA Community Living Center (CLC) Expenditures, Fiscal Year 2012

Cost category		Total expenditures ($ millions)	Per diem expenditures ($)
Direct care	Core CLC[a]	$1,363	$373
	Physician	91	25
	Physician extender[b]	27	7
	Social worker/Psychologist	36	10
	CLC rehabilitation services	36	10
	Outpatient clinic use	88	24
	Pharmacy	174	48
	Prosthetics	23	6
Indirect care	Education	6	2
	Research	19	5
	Administrative	277	76
	Facilities[c]	854	234
Overhead	Capital obligations	398	109
	National overhead	95	26
Total—all cost categories		**$3,486**[d]	**$953**[d]

Source: Department of Veterans Affairs (VA).

[a]Includes services such as nursing, food delivery, hospice, and respiratory therapy.

[b]Includes nurse practitioners and physician assistants.

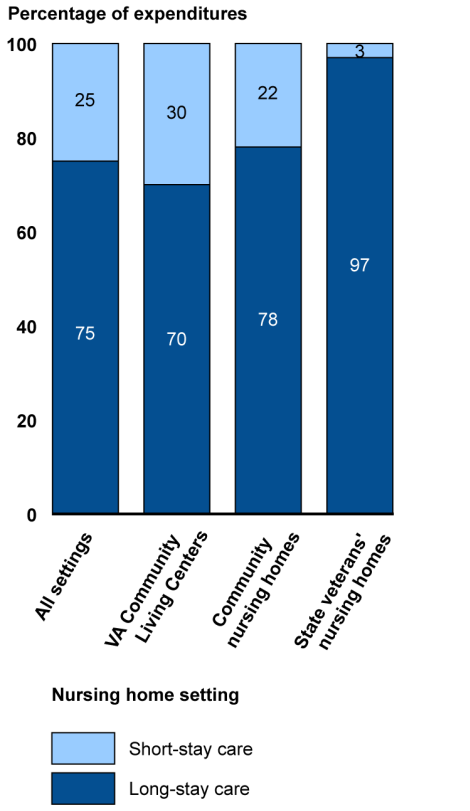
[c]Includes indirect costs that are not attributable to specific patient care, such as rent, operating and maintenance costs for buildings, equipment, and utilities.

[d]Totals for all cost categories do not equal the sum of each of the categories due to rounding.

VA Spent More in All Three Settings on Long-Stay Care than Short-Stay Care

The majority of VA's spending for nursing home care in fiscal year 2012—$3.7 billion, or 75 percent—was on long-stay care. Long-stay care accounted for most of VA's expenditures in each nursing home setting, and accounted for all but a small percentage of spending in state veterans' nursing homes. (See fig. 6.) Although VA officials said they examine data on nursing home spending by length of stay for planning and budgeting purposes, VA does not include such data in its budget justification.

Figure 6: Percentage of VA Nursing Home Expenditures by Setting and Length of Stay, Fiscal Year 2012



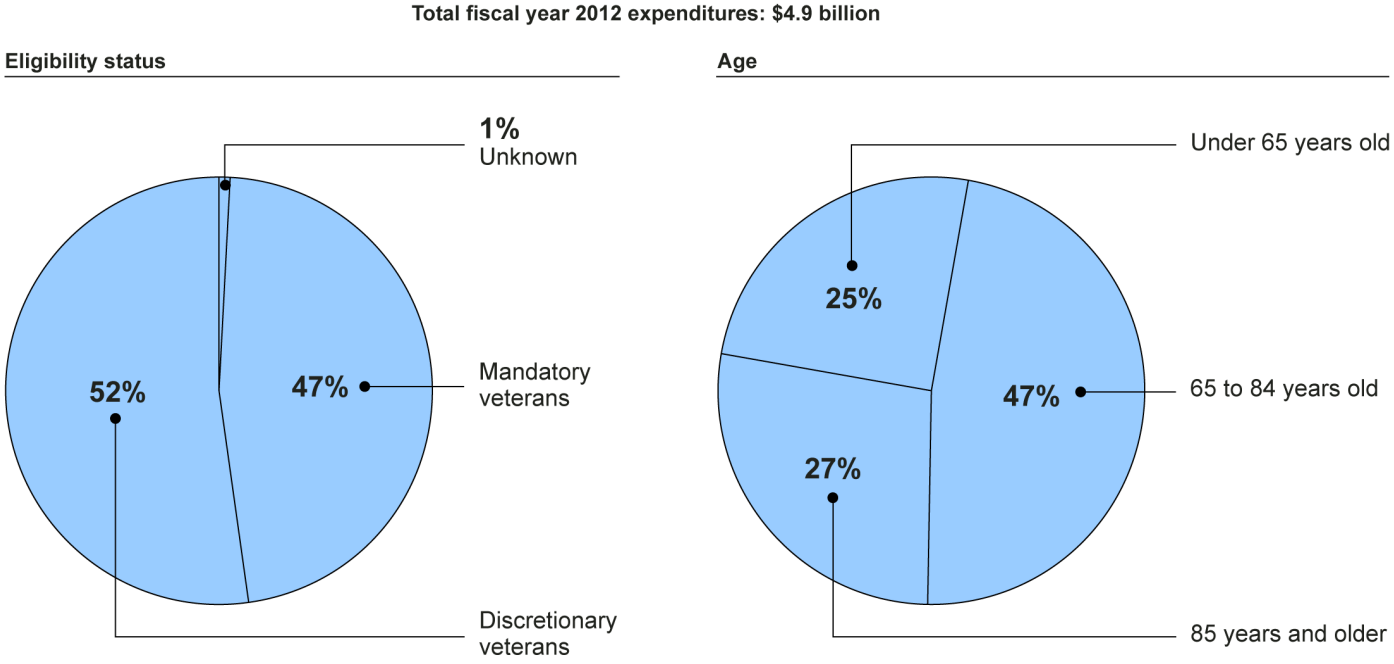
Source: GAO analysis of Department of Veterans Affairs (VA) data.

Similarly, at the network level, the majority of expenditures for all networks were for long-stay care. The proportion of expenditures for long-stay care ranged from 62 percent for VISN 18 (VA Southwest Health Care Network) to 90 percent for VISN 3 (VA New York/New Jersey Veterans Healthcare Network). (See app. VI for information on expenditures by network and length of stay.)

Over Half of VA's Nursing Home Spending Was for Discretionary Care and Just Under Half Was for Veterans Age 65 to 84

Overall, discretionary care accounted for just over half (52 percent or $2.5 billion) of all VA nursing home spending—a slightly lower proportion than workload, of which discretionary care comprised 62 percent. Just under half (47 percent or $2.3 billion) was spent on care for residents age 65 to 84. About one-quarter was spent on residents under age 65 and about the same percent for residents age 85 and over. (See fig. 7.)

Figure 7: Percentage of VA Nursing Home Expenditures by Eligibility Status and Age, Fiscal Year 2012



Source: GAO analysis of Department of Veterans Affairs (VA) data.

Note: Percentages may not add up to 100 due to rounding.

At the network level, total expenditures by eligibility status varied by network, with the proportion of spending for discretionary care ranging from 37 percent in VISN 6 (VA Mid-Atlantic Health Care Network) to 61 percent in VISN 15 (VA Heartland Network) and VISN 23 (VA Midwest Health Care Network). (See app. VII for information on expenditures by network and eligibility status.) Spending by age group did not vary as substantially between networks, however. Specifically, the proportion of spending for residents 65 through 84 ranged from 45 percent in VISN 1 (VA New England Healthcare System), VISN 15 (VA Heartland Network), and VISN 19 (Rocky Mountain Network), to 51 percent in VISN 6 (VA Mid-Atlantic Health Care Network). (See app. VIII for information on expenditures by network and resident age.)

Spending by Veterans' Eligibility Status and Age Varied across Settings

Similar to workload, spending for discretionary care varied widely by setting, with state veterans' nursing homes having the highest proportion of their total spending (84 percent) for discretionary care compared to the other two settings (50 percent in CLCs and 18 percent in community nursing homes). (See table 4.) Also, state veterans' nursing homes had

the highest proportion (46 percent) of their total spending for residents age 85 and older, and the lowest proportion (8 percent) on residents under age 65. CLCs and community nursing homes had similar proportions of their total spending on care for residents in each age group.

Table 4: Percentage of VA Nursing Home Expenditures by Resident Characteristics and Setting, Fiscal Year 2012

		Percentage of VA nursing home expenditures		
Resident characteristics		**VA Community Living Centers**	**Community nursing homes**	**State veterans' nursing homes**
Eligibility status	Discretionary	50	18	84
	Mandatory	50	82	9
	Total	**100**	**100**	**93**[a]
Age	Under 65	29	25	8
	65-84	49	46	43
	85 and older	22	29	46
	Total	**100**	**100**	**97**[b]

Source: GAO analysis of Department of Veterans Affairs (VA) data.

[a]Total percentage for spending by veterans' eligibility status in state veterans' nursing homes does not add up to 100 because 6 percent of data on eligibility status are missing for this setting, and because of rounding.

[b]Total percentage for spending by veterans' age in state veterans' nursing homes does not add up to 100 because 3 percent of data on age are missing for this setting.

Similar to workload data, VA program officials told us that they rely on expenditure data by length of stay and resident characteristics for planning and budgeting purposes. This type of analysis is important given the significant differences in short- and long-stay per diem expenditures, particularly for CLCs, as well as differences in per diems that VA pays for mandatory and discretionary veterans in state veterans' nursing homes. In addition, according to officials, expenditure data on community nursing homes are especially important from a program perspective since VA looks at unit costs to help in rate negotiations. However, VA does not currently include expenditure data disaggregated by length of stay and resident characteristics in its budget justification, and therefore does not provide information on unit costs to the maximum extent possible as encouraged by OMB to justify staffing and other requirements. As a result, congressional stakeholders have incomplete information on the budget that is approved for VA nursing home care, including the proportion of expenditures that is allocated for long-stay and short-stay care, as well as expenditures by resident characteristics. The lack of such

information could hinder congressional budgeting and program oversight regarding VA's staffing and resource requirements for providing nursing home care.

Conclusions

VA now has key data on workload and expenditures for its three nursing home settings that were lacking in the past, and VA officials told us that they use these data for budgeting and planning purposes. Our analysis of these data show that the nursing home care that VA provides or pays for is primarily for long-stay care of 90 days or more for residents with chronic physical and mental limitations across all three nursing home settings, rather than short-stay care for residents with postacute care needs. Most of VA's nursing home workload is for discretionary care, rather than mandatory care, and more care is provided for residents 65 to 84 years of age than for other age groups, though these patterns vary by setting. As VA determines budget estimates and plans for future care needs, these data provide a foundation for understanding the type of care provided, the characteristics of the residents receiving it, and differences among the three settings.

We believe that having and using the key workload and expenditure data that we analyzed in this report provides VA with more complete data to better inform its budget estimates and conduct program oversight than in the past. VA is to be commended for collecting and using the information to improve its decision making. However, VA only includes data on total nursing home workload, total expenditures, and per diem expenditures by the three nursing home settings in its budget justification and does not include workload or expenditures disaggregated by length of stay or resident characteristics to the maximum extent possible to justify staffing and other requirements. As a result, Congress does not have complete nursing home data on workload and expenditures by the three settings. The lack of such information could hinder congressional decision making and oversight of budgeting of VA nursing home care staffing and resource needs for care, which accounts for a significant portion of VA's health care budget and serves a vulnerable population.

Recommendation for Executive Action

To provide more complete data for Congress, we recommend that the Secretary of Veterans Affairs supplement nursing home workload and expenditure data currently included in VA's budget justification with the following information:

- Average daily census by length of stay and resident characteristics, including veterans' eligibility status and age.
- Total expenditures and per diem expenditures by length of stay and resident characteristics, including veterans' eligibility status and age.

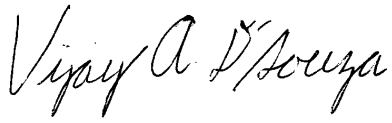
Agency Comments and Our Evaluation

We provided a draft of this report to VA for comment. In its written comments—reproduced in appendix IX—VA concurred with our recommendation and stated that it will provide supplemental data on both nursing home workload and expenditures by length of stay and resident characteristics upon release of its fiscal year 2015 budget. VA stated that it would provide data for state veterans' nursing homes to the extent the data are available.

We are sending copies of this report to the Secretary of Veterans Affairs, and appropriate congressional committees. In addition, the report will be available at no charge on the GAO website at http://www.gao.gov.

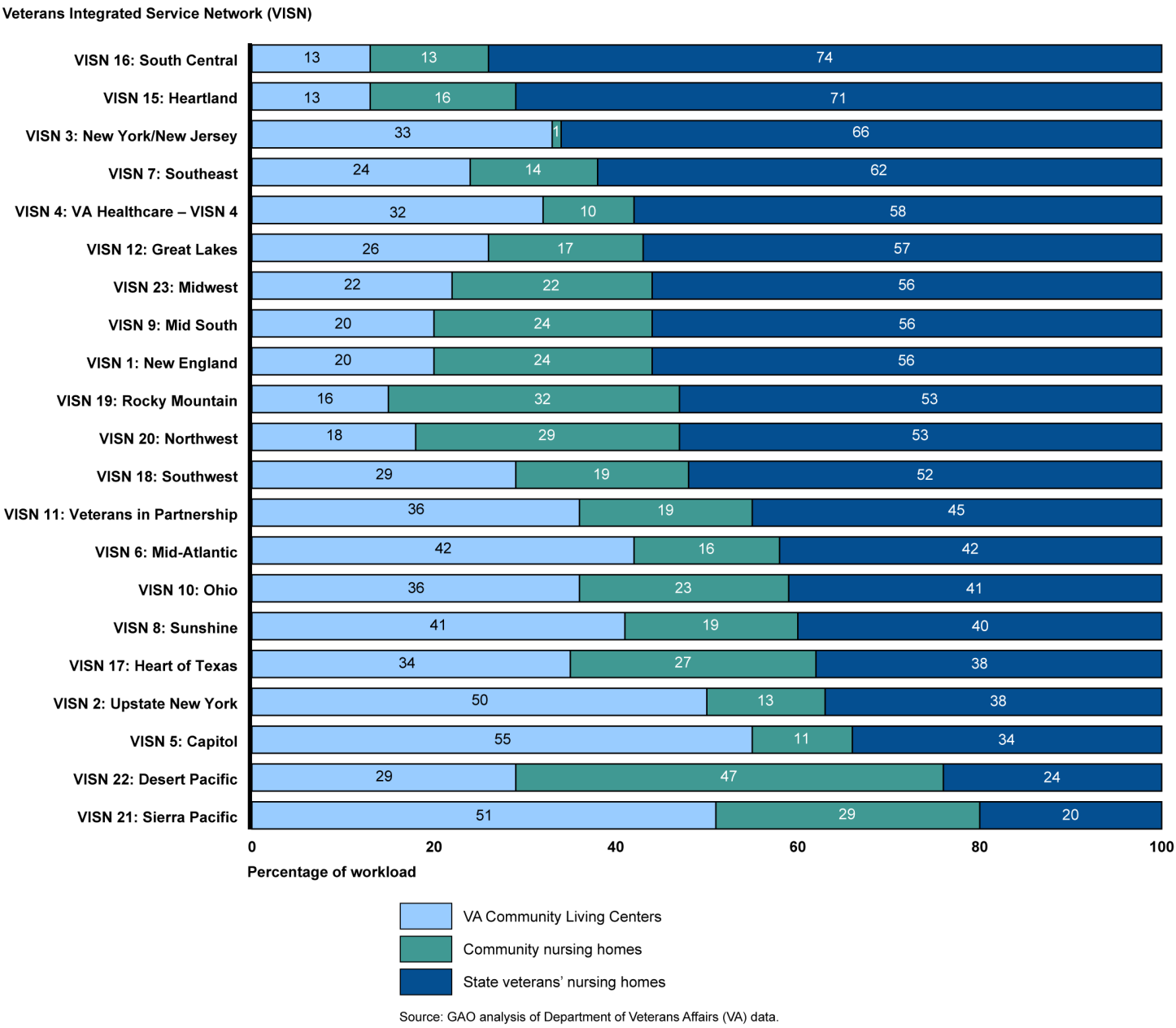
If you or your staff have any questions about this report, please contact Vijay D'Souza at (202) 512-7114, or dsouzav@gao.gov. Contact points for our Offices of Congressional Relations and Public Affairs are on the last page of this report. GAO staff who made major contributions to this report are listed in appendix X.

Sincerely yours,



Vijay A. D'Souza
Acting Director, Health Care

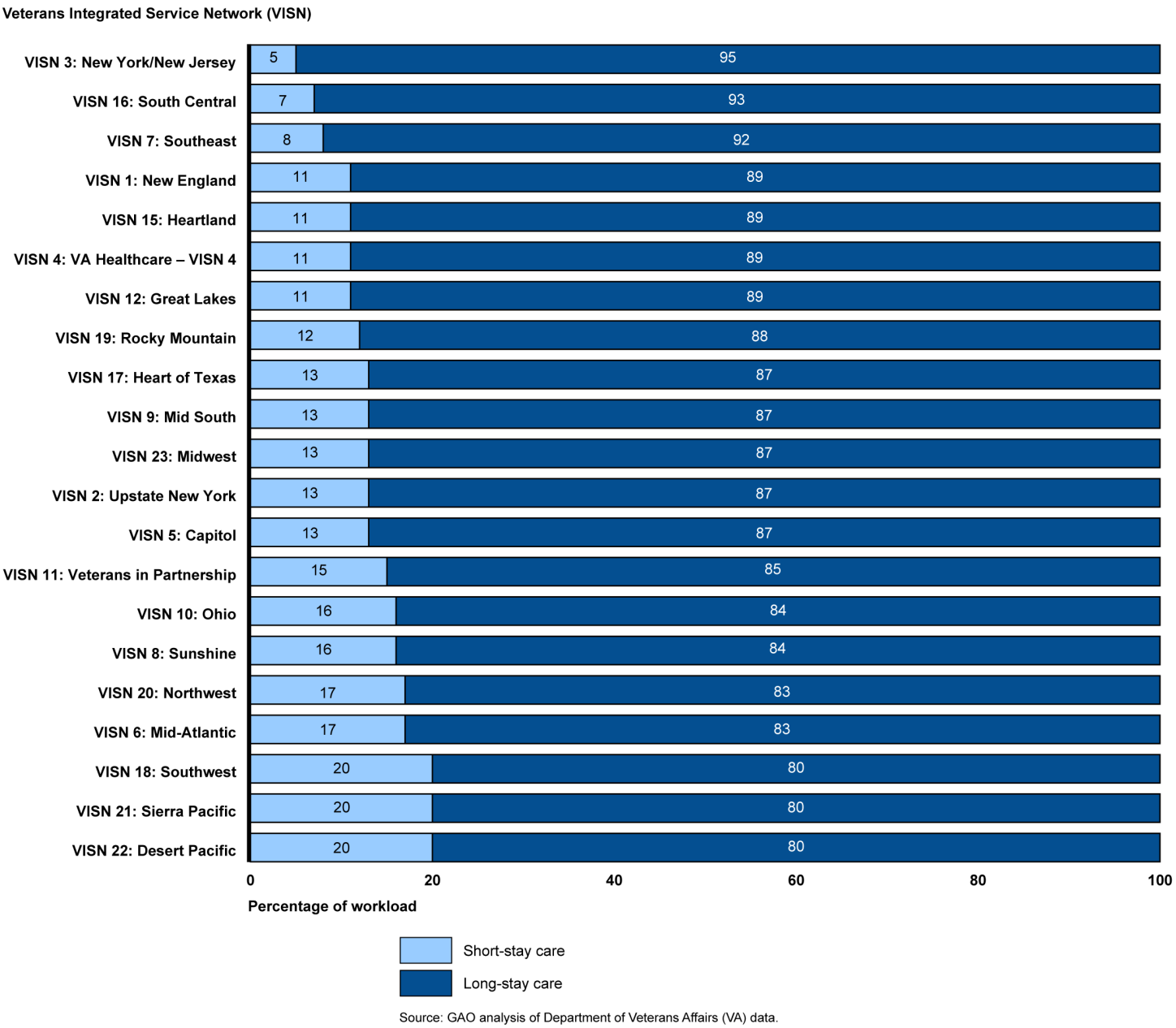
Appendix I: Percentage of Nursing Home Workload by Network and Setting, Fiscal Year 2012



Source: GAO analysis of Department of Veterans Affairs (VA) data.

Notes: The workload measure is the average daily census, which represents the average number of veterans residing in a nursing home on any given day of the year. Average daily census is calculated by dividing the total number of days of nursing home care provided in a year by the number of days in the year. Percentage totals for each VISN may not equal 100 due to rounding.

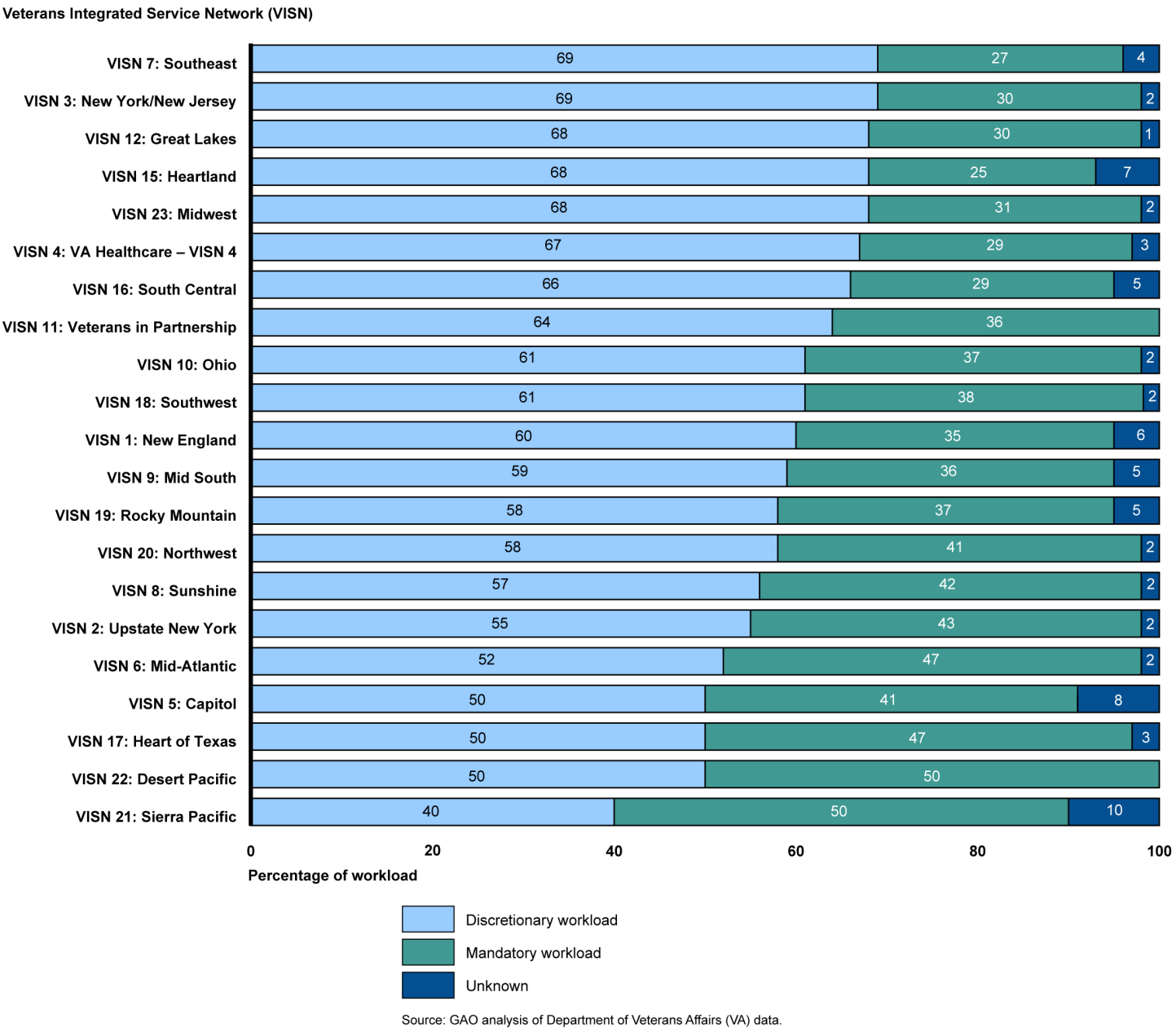
Appendix II: Percentage of Nursing Home Workload by Network and Length of Stay, Fiscal Year 2012



Source: GAO analysis of Department of Veterans Affairs (VA) data.

Note: The workload measure is the average daily census, which represents the average number of veterans residing in a nursing home on any given day of the year. Average daily census is calculated by dividing the total number of days of nursing home care provided in a year by the number of days in the year.

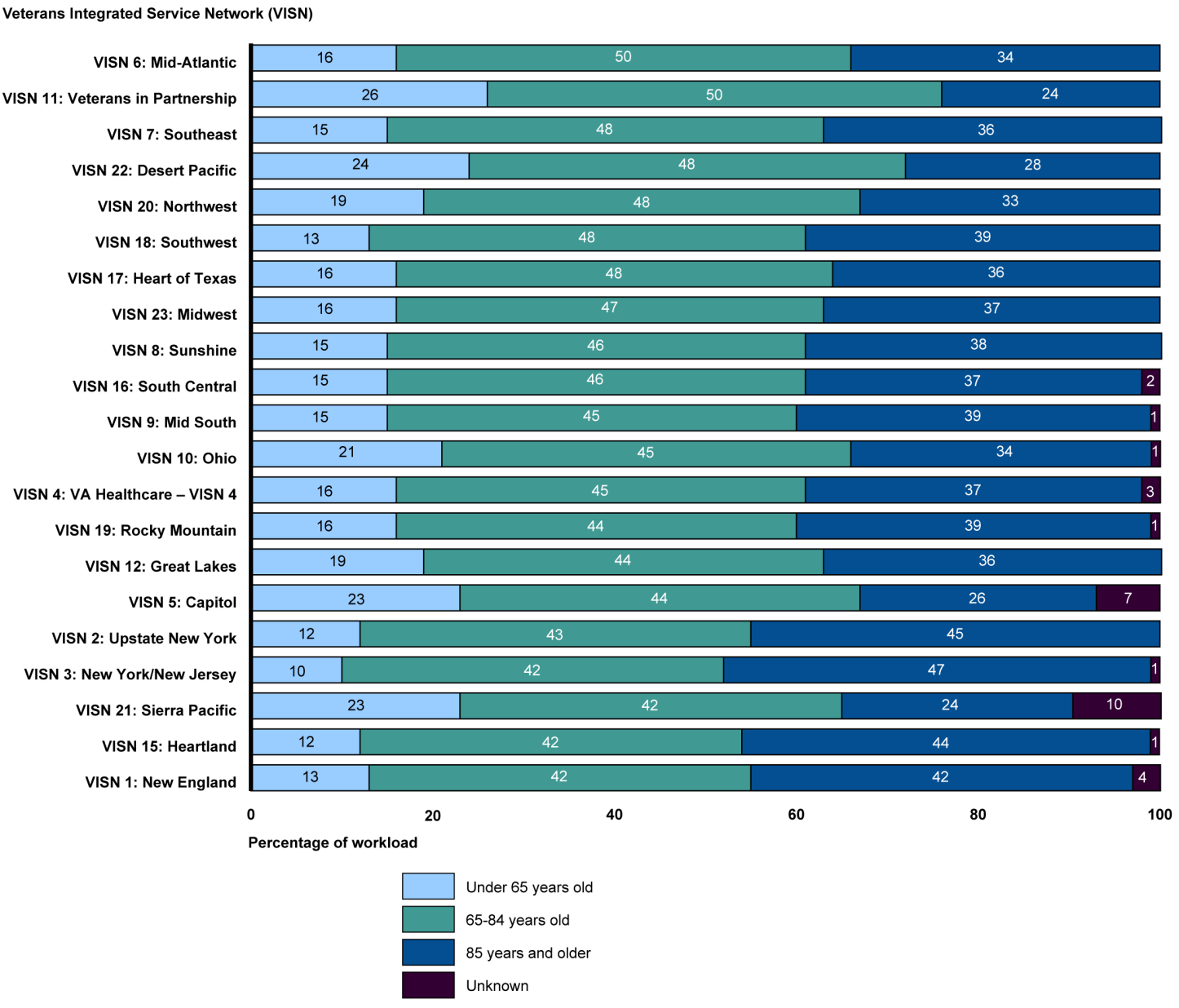
Appendix III: Percentage of Nursing Home Workload by Network and Eligibility Status, Fiscal Year 2012



Source: GAO analysis of Department of Veterans Affairs (VA) data.

Notes: The workload measure is the average daily census, which represents the average number of veterans residing in a nursing home on any given day of the year. Average daily census is calculated by dividing the total number of days of nursing home care provided in a year by the number of days in the year. Percentage totals for each VISN may not equal 100 due to rounding.

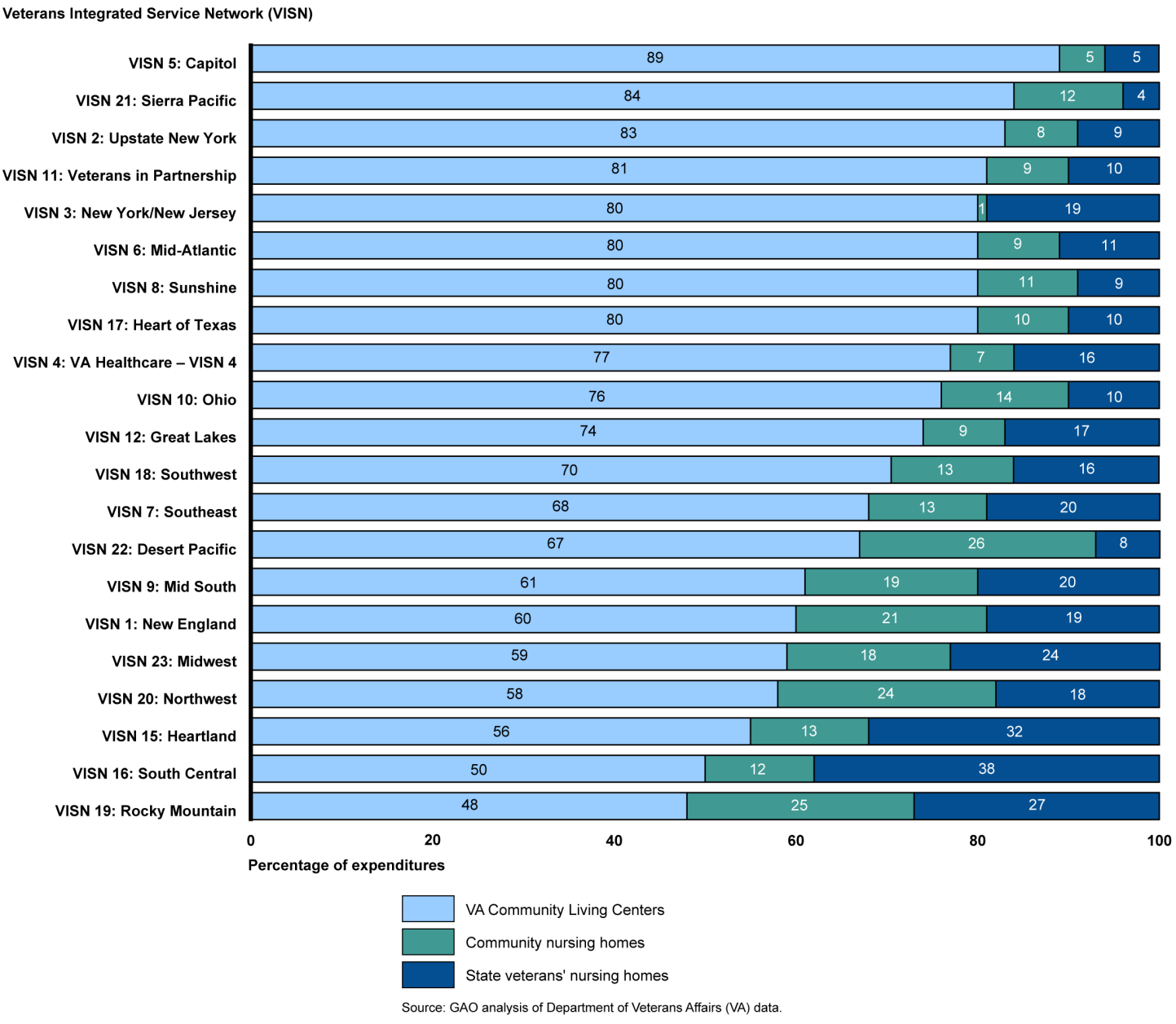
Appendix IV: Percentage of Nursing Home Workload by Network and Resident Age, Fiscal Year 2012



Source: GAO analysis of Department of Veterans Affairs (VA) data.

Notes: The workload measure is the average daily census, which represents the average number of veterans residing in a nursing home on any given day of the year. Average daily census is calculated by dividing the total number of days of nursing home care provided in a year by the number of days in the year. Percentage totals for each VISN may not equal 100 due to rounding.

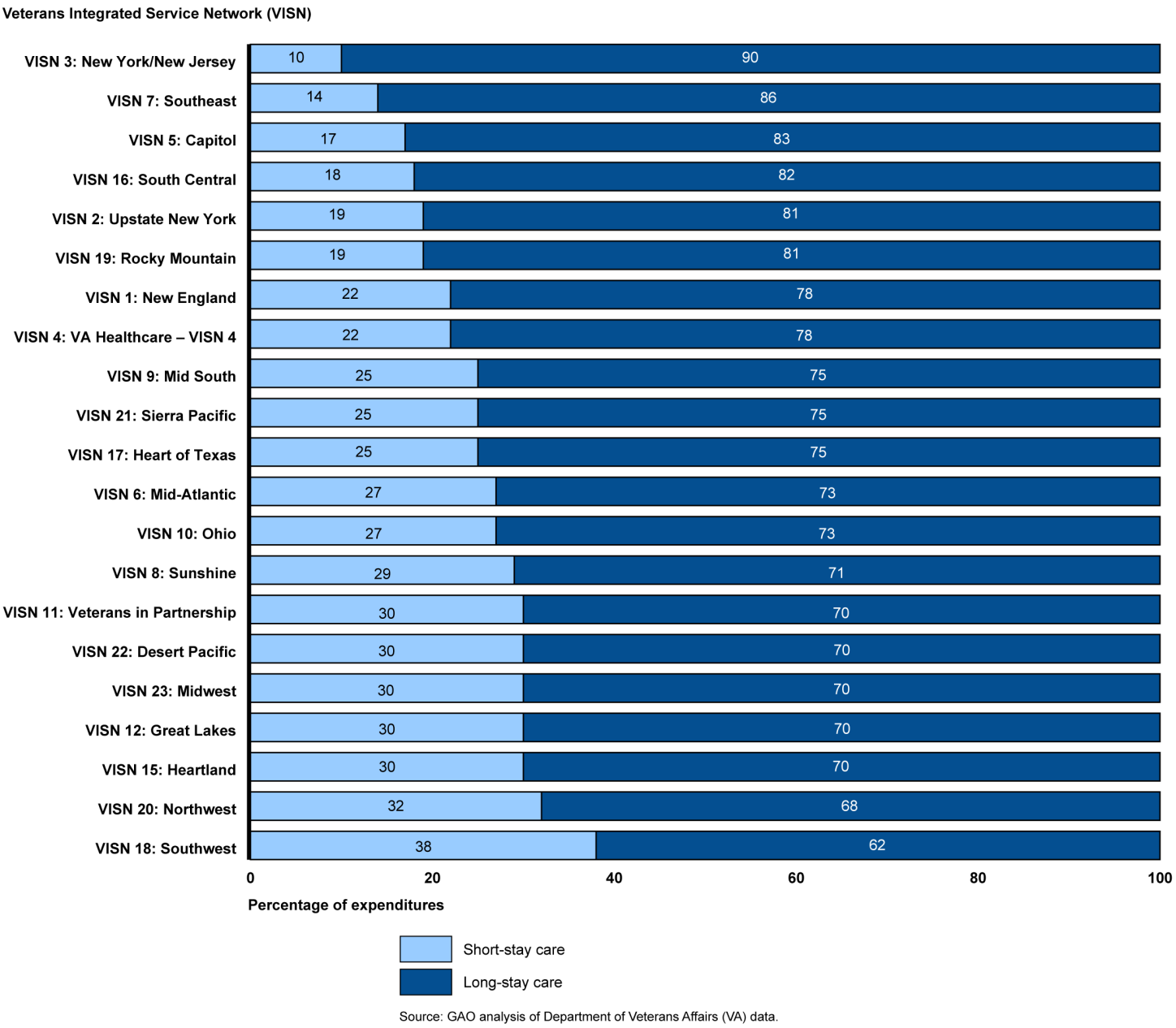
Appendix V: Percentage of Nursing Home Expenditures by Network and Setting, Fiscal Year 2012



Source: GAO analysis of Department of Veterans Affairs (VA) data.

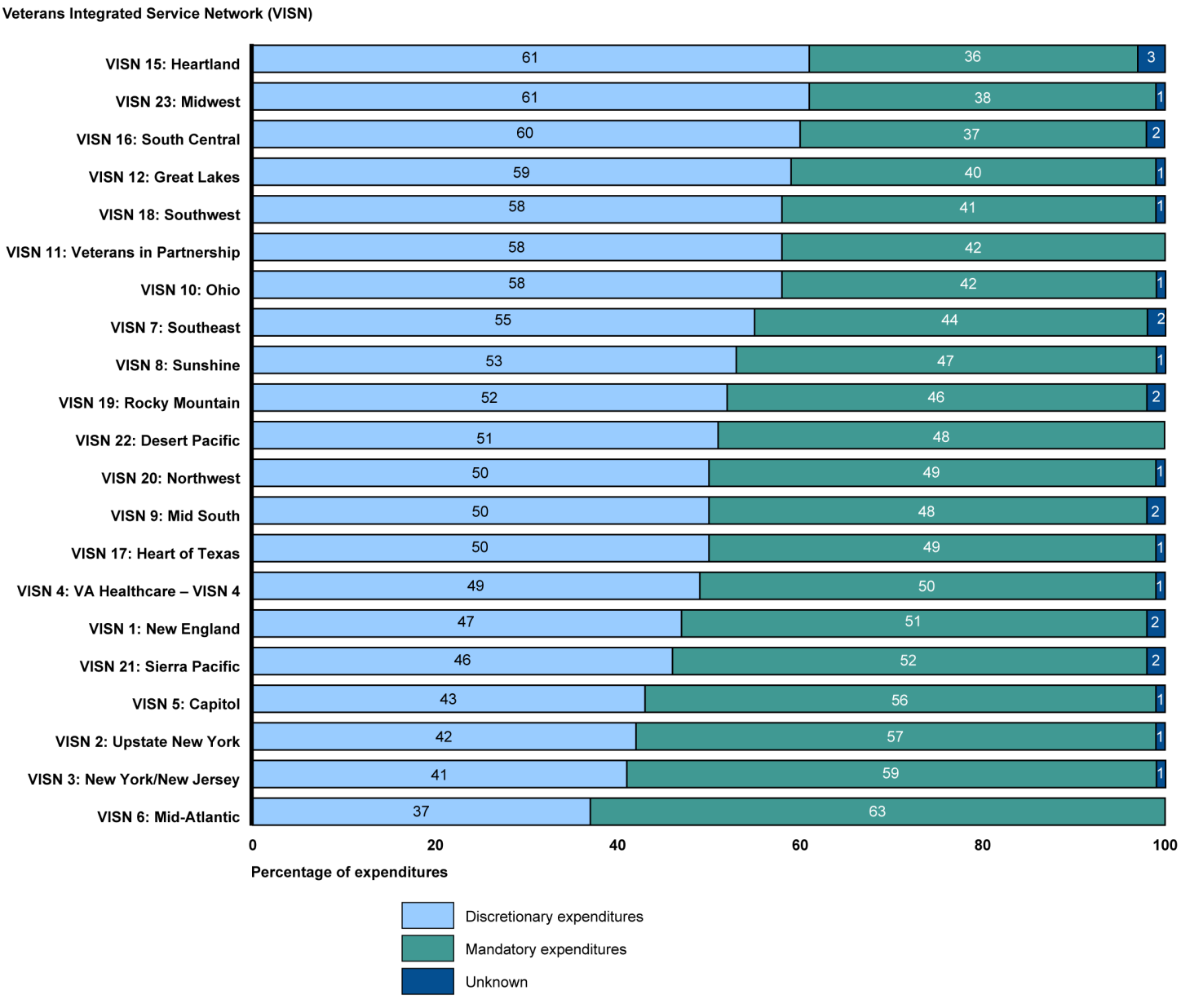
Note: Percentage totals for each VISN may not equal 100 due to rounding.

Appendix VI: Percentage of Nursing Home Expenditures by Network and Length of Stay, Fiscal Year 2012



Source: GAO analysis of Department of Veterans Affairs (VA) data.

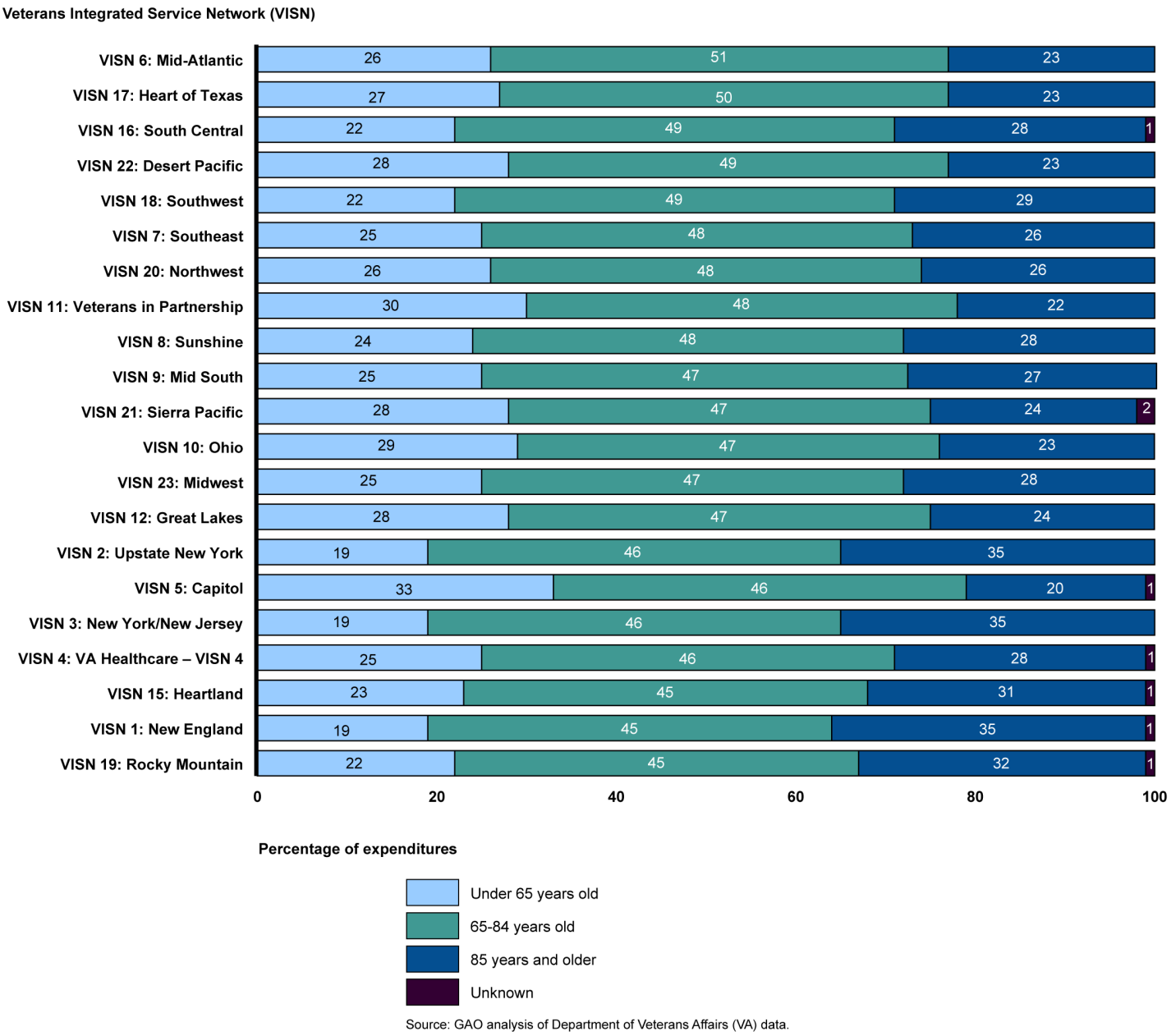
Appendix VII: Percentage of Nursing Home Expenditures by Network and Eligibility Status, Fiscal Year 2012



Source: GAO analysis of Department of Veterans Affairs (VA) data.

Note: Percentage totals for each VISN may not equal 100 due to rounding.

Appendix VIII: Percentage of Nursing Home Expenditures by Network and Resident Age, Fiscal Year 2012



Source: GAO analysis of Department of Veterans Affairs (VA) data.

Note: Percentage totals for each VISN may not equal 100 due to rounding.

Appendix IX: Comments from the Department of Veterans Affairs

DEPARTMENT OF VETERANS AFFAIRS
Washington, DC 20420

December 2, 2013

Mr. Vijay D'Souza
Acting Director, Health Care
U.S. Government Accountability Office
441 G Street, NW
Washington, DC 20548

Dear Mr. D'Souza:

The Department of Veterans Affairs (VA) has reviewed the Government Accountability Office's (GAO) draft report, ***"VA NURSING HOMES: Reporting More Complete Data on Workload and Expenditures Could Enhance Oversight"*** (GAO-14-89). VA generally agrees with GAO's conclusions and concurs with GAO's recommendation to the Department.

The enclosure specifically addresses GAO's recommendation and provides technical comments to the draft report. VA appreciates the opportunity to comment on your draft report.

Sincerely,

Jose D. Riojas
Chief of Staff

Enclosure

Department of Veterans Affairs (VA) Response to
Government Accountability Office (GAO) Draft Report
"VA NURSING HOMES: Reporting More Complete Data on Workload and Expenditures Could Enhance Oversight"
(GAO-14-89)

GAO Recommendation: To provide more complete data for Congress, we recommend that the Secretary of Veterans' Affairs supplement nursing home workload and expenditure data currently included in VA's budget justification with the following information:

Recommendation 1: Average daily census by length of stay and resident characteristics, including veterans' eligibility status and age.

VA Comment: Concur. VA will provide supplemental information using actual data for long term care settings. Information for State Homes will be provided to the extent which data is available. Target Completion Date: Upon release of Fiscal Year 2015 Budget.

Recommendation 2: Total expenditures and per diem expenditures by length of stay and resident characteristics, including veterans' eligibility status and age.

VA Comment: Concur. VA will provide supplemental information using actual data for long term care settings. Information for State Homes will be provided to the extent which data is available. Target Completion Date: Upon release of Fiscal Year 2015 Budget.

Appendix X: GAO Contact and Staff Acknowledgments

GAO Contact

Vijay D'Souza, Acting Director, Health Care, (202) 512-7114, dsouzav@gao.gov

Staff Acknowledgments

In addition to the contact named above, James C. Musselwhite, Assistant Director; Iola D'Souza; Linda Galib; Drew Long; and Hemi Tewarson made key contributions to this report.

Related GAO Products

Veterans' Health Care Budget: Improvements Made, but Additional Actions Needed to Address Problems Related to Estimates Supporting President's Request, GAO-13-715 (Washington, D.C.: Aug. 8, 2013).

Veterans' Health Care: Improvements Needed to Ensure That Budget Estimates Are Reliable and That Spending for Facility Maintenance Is Consistent with Priorities, GAO-13-220 (Washington, D.C.: Feb. 22, 2013).

Veterans' Health Care Budget: Better Labeling of Services and More Detailed Information Could Improve the Congressional Budget Justification, GAO-12-908 (Washington, D.C.: Sept. 18, 2012).

Veterans' Health Care Budget Estimate: Changes Were Made in Developing the President's Budget Request for Fiscal Years 2012 and 2013, GAO-11-622 (Washington, D.C.: Jun. 14, 2011).

Veterans' Health Care: VA Uses a Projection Model to Develop Most of Its Health Care Budget Estimate to Inform the President's Budget Request, GAO-11-205 (Washington, D.C.: Jan. 31, 2011).

VA Health Care: Long-Term Care Strategic Planning and Budgeting Need Improvement, GAO-09-145 (Washington, D.C.: Jan. 23, 2009).

VA Long-Term Care: Data Gaps Impede Strategic Planning for and Oversight of State Veterans' Nursing Homes, GAO-06-264 (Washington, D.C.: March 31, 2006).

VA Long-Term Care: Trends and Planning Challenges in Providing Nursing Home Care to Veterans, GAO-06-333T (Washington, D.C.: Jan. 9, 2006).

VA Long-Term Care: Oversight of Nursing Home Program Impeded by Data Gaps, GAO-05-65 (Washington, D.C.: Nov. 10, 2004).