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## Implementation of the Veterans Choice Program (VCP)

In response to wait time manipulation allegations and access issues at many Department of Veterans Affairs (VA) hospitals across the country, Congress passed the Veterans Access, Choice and Accountability Act of 2014 (VACAA). On August 7, 2014, the bill was signed into law (P.L. 113-146, as amended).

### Background Resources

- For wait time issues, see VA Office of Inspector General (OIG), *Administrative Summaries of Investigation Regarding Wait Time* (<http://bit.ly/2gLEnAr>)
- For a detailed provision-by-provision explanation of the act, see CRS Report R43704, *Veterans Access, Choice, and Accountability Act of 2014 (H.R. 3230; P.L. 113-146)*
- For a more in-depth discussion on implementation of the VCP, see CRS Report R44562, *The Veterans Choice Program (VCP): Program Implementation*

Section 101 of VACAA authorized the Veterans Choice Program (VCP) —a temporary program that provides veterans the flexibility to receive medical care in the community if that is their preference. The VCP generally covers all medical care services, including diagnostic and laboratory tests, among others. Emergency care, dialysis care, and long-term nursing home care are not covered.

The VCP is in addition to several existing statutory authorities that allow the VA to provide care outside of its health care system. Generally, these statutory authorities fall into three broad categories: (1) contracts to purchase care, (2) non-contracted medical care purchased on a fee for service basis from providers in the community, and (3) emergency care when delays may be hazardous to a veteran's life or health.

### Unexpected Shortfall in the Veterans Choice Fund

The VCP was to end either when the \$10 billion in *mandatory funding* included in VACAA was fully obligated or no later than August 7, 2017. Enacted on April 19, 2017, P.L. 115-26 eliminated the sunset date of August 7 and authorized the VA to continue the VCP until the \$10 billion was fully obligated. At the time of enactment of P.L. 115-26, the VA had indicated to Congress that about \$1 billion of the funding for VCP could remain unobligated by August 7. However, in mid-June 2017, VA notified Congress that due to the increased authorization of appointments, there had been higher rate of usage of VCP funds, and VCP would not be able to continue past August 15, 2017, since all the remaining funds for VCP would be fully obligated by then. As of June 9, 2017, \$9.2 billion of VCP funds had been obligated and \$7.1 billion had been expended. According to the VA, at least \$3.5 billion in new mandatory budget authority would be needed to continue VCP through FY2018. (The VA estimates that approximately \$252 million per month is obligated for VCP.)

### VA Response to the Shortfall

To prolong the funds for VCP, on June 12, 2017, the VA provided guidance to VA medical facilities on optimizing funding for VA community care. Among other things:

- Veterans who are eligible based on statutory criteria (see below) will continue to be eligible to use VCP.
- “Choice First” criteria—that is, care not offered at the veteran's primary VA medical facility—will no longer apply. In May 2015, the VA provided guidance to VA medical facilities that VCP should be the *primary program* to be used when patients are waiting for care or need care that cannot be provided at the veterans' primary facility.
- Veterans who do not qualify for VCP because their required care is not offered at the veteran's primary VA medical facility will be referred to another VA medical facility or a federal facility such as a Department of Defense medical facility, Indian Health Service (IHS), or Tribal Health Facility, or to other community care providers not participating in VCP.

### VCP Eligibility

To participate in the VCP, a veteran must be enrolled in the VA health care system and meet one of the following criteria:

- the veteran cannot schedule an appointment within 30 days of the veteran's preferred date or a date determined clinically appropriate by a VA provider; *or*
- the veteran resides more than 40 miles from his or her closest VA medical facility with a full-time primary care provider; *or*
- the veteran resides 40 miles or less from a VA medical facility and faces an unusual or excessive burden in accessing such a facility due to geographical challenges; *or*
- the veteran resides in a state without a full-service VA medical facility that provides hospital care, emergency services, and surgical care and resides more than 20 miles from such a facility (this criterion applies only to veterans residing in three states: Alaska, Hawaii, and New Hampshire).

### How Is VCP Administered?

The VACAA provided 90 days from the date of enactment to establish the temporary VCP. VA awarded contracts to two existing VA contractors—Health Net Federal Services, LLC and TriWest Healthcare Alliance Corporation—to serve as third-party administrators (TPA) of the VCP. In their TPA role, TriWest serves the western United States and mid-South regions; Health Net serves the remainder of the country.

### What Is the Process to Obtain Care?

Generally, the VA determines a veteran's eligibility for VCP. Once a veteran is eligible for VCP under wait time criteria (cannot obtain the care at a VA facility within 30 days or less), the VA sends the referral to the TPA and the TPA contacts the veteran. The TPA explains the program, ensures that the veteran understands any out-of-pocket expenses he or she may incur, and obtains the veteran's preference for an appointment and schedules it with a VCP participating provider. After the veteran is seen by a provider, the TPA follows up with the provider and provides the clinical records to the VA.

If a veteran is eligible under the distance criteria (resides 40 miles or more), a veteran can directly call the TPA (1-866-606-8198). The TPA will confirm eligibility for VCP via VA-provided eligibility information. Once eligibility is confirmed, the TPA explains the program, ensures that the veteran understands any out-of-pocket expenses he or she may incur, and obtains the veteran's preference for an appointment and schedules it with a VCP participating provider. After the scheduled appointment with a VCP participating provider, the TPA will follow the same process as described for those who qualify under the wait time criteria.

Under both processes, urgent care appointments are required to be scheduled and take place within two days, and routine care appointments must be scheduled within 5 days and occur within 30 days. If TPAs cannot meet these requirements, the requests are returned to the VA medical center, and the VA could utilize other non-VA care authorities (see **Figure 1**).

### VA as the Primary Payer for VCP

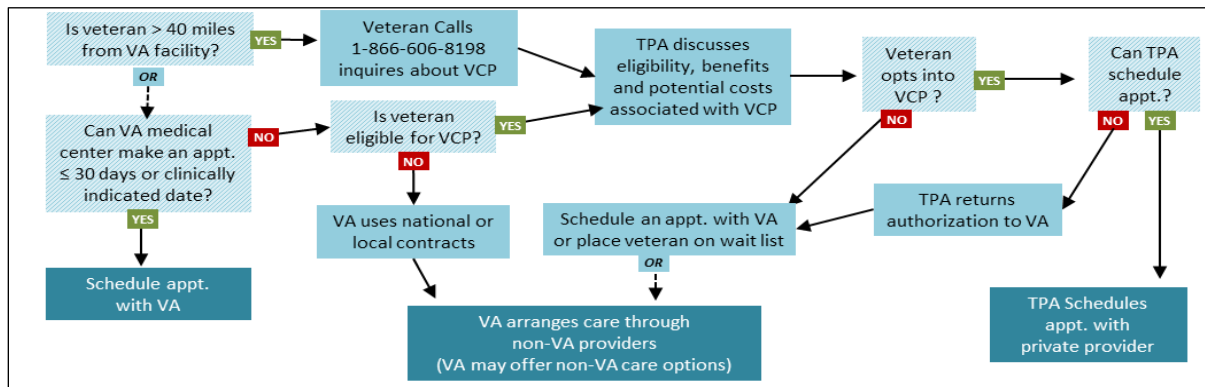
Enacted on April 19, 2017, P.L. 115-26 required VA to be the primary payer for care for veterans with nonservice-connected conditions. Prior to the enactment of P.L. 115-26, the VA was the secondary payer for care provided for a nonservice-connected disability if the veteran had another health-insurance plan. This change arose because some veterans had to pay higher out-of-pocket costs under VCP than under other non-VA care statutory authorities. This had resulted in veterans facing debt collection issues

because of inappropriate or delayed VCP billing. With the enactment of P.L. 115-26, veterans will not have to pay a copayment under their other health insurance plans. Furthermore, community care providers will only bill the VA and not the veteran's other health insurance plans. The VA will coordinate and bill the veteran's health insurance for non-service connected care.

### Some Potential Issues for Congress

- *Overlapping and sometimes contradictory eligibility requirements among the various non-VA care statutory authorities have caused numerous challenges to veterans and providers.* Currently, various policy proposals are being discussed to consolidate and streamline all non-VA community care programs. A proposed new program known as Veterans CARE (Coordinated Access & Rewarding Experiences) Program was discussed at a hearing on June 7, 2017. Briefly, under this proposal, the veteran will be authorized to receive care in the community based on clinical determination. Under the Veterans CARE Program, the VA would develop an integrated community network that would include the Department of Defense, the Indian Health Service, Tribal Health Programs, Federally Qualified Health Centers (FQHCs), academic affiliates, and other private providers. Veterans who have urgent care needs would have access to a networks of walk-in clinics.
- *Both long- and short-term considerations for new budgetary resources exist.* While Congress may consider proposals to fund the VCP shortfall through FY2018, it is unclear how long-term funding for a proposed new community care program would be structured. Currently, there are two different funding streams for VCP and other non-VA community care programs. While the VCP is funded as a *mandatory* appropriation, other community care programs are funded as discretionary appropriations. The VA has testified that having two different streams has created numerous challenges in administering these programs and responding to variances in demand for care in the community during the fiscal year.

**Figure 1. High-Level Patient Flow for VCP**



**Source:** Congressional Research Service based on VA information. **Note:** TPA= Third Party Administrator; VCP=Veterans Choice Program.

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