MEDICARE REIMBURSEMENT FOR VA MEDICAL CARE

Under current law, the Department of Veterans Affairs’ Veterans Health Administration (VHA) is prohibited from receiving Medicare payments for the treatment of nonservice-connected medical conditions of enrolled Medicare-eligible veterans, even if the health care is routinely covered under Medicare. This prohibition constitutes a multibillion-dollar annual subsidy to the Medicare Trust Fund. The American Legion does not agree with this policy and supports allowing Medicare reimbursement to VHA for the treatment of nonservice-connected medical conditions of enrolled Medicare-covered veterans, a concept called "Medicare subvention."

Medicare is a Federally-mandated health insurance program for all eligible Americans. Generally, any person is eligible for Medicare if that person or their spouse worked for at least 10 years (or 40 quarters) in a Medicare-covered employment, is 65 years of age or older, and is a citizen, or permanent resident, of the United States. Others may qualify for coverage if they are under age 65 with severe disabilities. However, nearly every working person in the United States is mandated, by Federal statute, to make monthly contributions to Medicare throughout their working career.

Veterans pay into the Medicare system, without choice, throughout their working lives, as do most other citizens. A portion of each earned dollar is allocated to the Medicare Trust Fund and although veterans must pay into the Medicare system, they cannot use their Medicare benefits at any VA health care facility. The American Legion believes veterans should be permitted to select their health care provider and use the Medicare benefits that they have paid for during their lifetime.

VHA is the nation’s largest comprehensive, integrated health care delivery system that provides excellence in health care value, service, education, and research. One of the primary missions of VHA is to meet the medical needs of America’s veterans by providing specialized care, primary care and related medical and social support services for eligible veterans. VHA consists of hospitals, ambulatory clinics, nursing homes, domiciliaries, and readjustment counseling centers located nationwide.
Eligibility for enrollment in VHA is based on honorable military service and only limited by annual discretionary appropriations. Access to care is determined on a priority basis. Currently, although there are approximately 22.1 million veterans; only about 8.5 million are enrolled in VHA. Of those enrollees, about half of the VHA patient population is estimated to be Medicare-eligible. Since VA is currently prohibited from collecting reimbursements from Medicare for allowable treatment of nonservice-connected medical conditions, VHA saves the Medicare Trust Fund billions of dollars annually (conservative estimates range between $2 to 4 billion annually).

VHA must continue to seek other revenue streams to supplement limited annual Federal discretionary appropriations and meet the growing demands for quality treatment of enrolled veterans. Highlighting this necessity is an October 2010 report by the Congressional Budget Office (CBO), a nonpartisan agency that provides economic data to Congress. It projects that the future costs for VA to treat enrolled veterans will be substantially higher than recent appropriations for that purpose, partly because more veterans are likely to seek care in the VA system but mostly because health care costs per enrolled veteran are projected to increase faster than the overall price level. In order to help close this gap, The American Legion supports Medicare reimbursements to supplement VA’s annual budget.

**112th Congress Update**

House Veterans’ Affairs Ranking Member Bob Filner (CA) introduced H. R. 814, the Medicare VA Reimbursement Act of 2011, on February 18, 2011. This bill provides Medicare payments to Department of Veterans Affairs medical facilities for items and services provided to Medicare-eligible veterans for nonservice-connected conditions. As of April 26, 2011, the bill has 3 cosponsors.

This bill is a legislatively complex bill because its subject matter crosses three committees’ jurisdictions in the House. Those committees are Veterans’ Affairs, Energy and Commerce, and Ways and Means. No hearings have yet been scheduled on the bill and no companion legislation has yet been introduced in the Senate. When hearings are held on this bill, The American Legion intends to testify in support of this legislation.

In conclusion, today’s fiscal realities require VHA to seek other revenue streams to supplement the growing demand for medical services and The American Legion believes that enactment of Medicare reimbursement will result in more accessible, quality health care for all enrolled Medicare-eligible veterans.