



STATE OF WISCONSIN, DEPARTMENT OF VETERANS AFFAIRS

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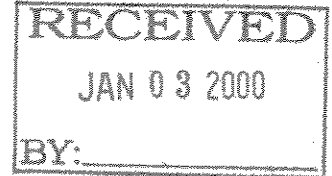
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Tommy G. Thompson, Governor
Raymond G. Boland, Secretary

December 28, 1999



The Honorable Brian J. Burke
Senate Co-Chair
Joint Committee on Finance
Room 316 South, State Capitol
Madison, WI 53702

The Honorable John Gard
Assembly Co-Chair
Joint Committee on Finance
Room 315 North, State Capitol
Madison, WI 53702

Dear Senator Burke and Representative Gard:

Pursuant to directives in 1999 Wisconsin Act 9, the purpose of this letter is to submit a report on the results of the review and examination of the Wisconsin Department of Veterans Affairs (WDVA) Health Care Aid Grant (HCAG) Program.

Section 9155 of 1999 Wisconsin Act 9 states, "The department of veterans affairs shall review the health care aid grant program and examine program modifications that could restrain the expenditure growth of the program. No later than December 31, 1999, the department shall submit a report presenting the results of the review and examination, including any program changes that the department believes should be made in the program to the joint committee on finance."

Background

The HCAG still retains the philosophical foundation ascribed to it by the state legislature when a Post World War II Rehabilitation Trust Fund was created in which it was promulgated that "it is the policy of the State of Wisconsin to assume the responsibility for the rehabilitation and hospitalization of returning members of the armed forces...in cases where the federal government fails or refuses to provide such rehabilitation...in order to prevent want and distress."

Like other Wisconsin veterans benefits paid from the Veterans Trust Fund, the HCAG is not an entitlement. It requires financial need and is designed to provide assistance to veterans and their families when the federal government is unable to do so. Currently, the federal government extends health care services for most medical conditions to all categories of eligible veterans at no cost or for a nominal co-payment.

The current HCAG continues to provide financial assistance to those veterans and their eligible family members who cannot provide for themselves. A necessary need restriction is established to meet the routine and emergent needs of the low income veteran, that population that typically is ill-equipped to fund needed health insurance. For essential medical care services and emergency care, coverage is authorized for treatment that dates back 90 days. For non-emergency care, a Certificate of Entitlement is proffered prior to treatment.

To provide HCAG coverage, the WDVA requires that it be the payer of last resort; that is, that all other sources of aid must be exhausted first with allowance for retention of \$1,000 in liquid assets. Further, the veteran must be unable to qualify for a low interest rate WDVA Personal Loan. The typical HCAG recipient averages 56 years in age, has less than one dependent, and receives an average annual income of \$9,030.

Every HCAG applicant who is otherwise eligible may be afforded health care services in a maximum amount of \$5,000 per 12-month period for essential medical services. The aging of the veteran population coupled with rising medical costs and the inability to access affordable health care has resulted in a trend of increasing annual expenditures. For the 99-01 biennium, \$1,200,000 is programmed in the operating budget. Projections indicate that the demand under the current HCAG provisions may exceed the available budget in each year of the biennium.

Review and Examination

Upon direction in 1999 Wisconsin Act 9, the WDVA established a Process Action Team (PAT) of subject matter experts from the WDVA and the veterans community to review the current HCAG for its administrative and fiscal efficiency. The PAT was charged with conducting a critical review of the current HCAG program to identify deficiencies and to devise a cost effective health care program for low-income veterans and their dependents that will ensure the provision of otherwise unavailable health care.

The review process necessarily required identifying 'gaps' in federal veterans affairs (USDVA) health care coverage, examining the potential of other insurance services that may serve veterans, establishing administrative efficiencies to reduce processing times, and seeking opportunities to restrain the expenditure growth of the program.

As noted in s.45.351(1j) and VA 2.01(2)(b), the HCAG currently provides payments for essential medical services such as hospital and physician charges, eye glasses or contact lenses, hearing aids, and most dental care. Due to its expanded coverage to all categories of veterans, the USDVA now provides medical care services for the majority of the same purposes as covered by the HCAG. While federal initiatives are underway to further expand the number of eligible purposes for health care, USDVA medical centers that support the majority of Wisconsin veterans do not provide services to the typical HCAG applicant for high demand purposes such as glasses, hearing aids, and dental care.

An examination of the feasibility of providing insurance premium coverage for the typical low-income HCAG applicant is cost prohibitive.

The current program allows an otherwise eligible veteran to receive an HCAG for past health care within a period starting 90 days before the date WDVA receives an application. This rule has unnecessarily burdened the administrative efficiency in processing applications, has complicated the ability to accurately monitor budget expenditure projections, and has resulted in budget commitments of approximately \$400,000 to retroactive applicants. For HCAG applicants seeking prospective or future care, a Certificate of Entitlement based on estimated projected costs is awarded to the veteran.

Recommendations

To restrain expenditure growth, fill gaps in USDVA health care services and reduce duplication of coverage with state veterans benefits, provide health care benefits to more veterans and enhance the administrative efficiency of the Health Care Aid Grant, the WDVA believes that the following program redesign is necessary.

- restrict eligible purposes for health care services to dentures, basic dental care, eyeglasses/contact lenses, and hearing aids
- eliminate coverage for retroactive services
- negate the need for applicants to access alternate payment options for health care services
- provide annual cost limits on coverage for each allowable medical condition
- restrict eligibility to eligible veterans, spouses, and dependents with a household income up to 175% of the federal poverty level and with liquid assets less than \$2,500
- refine the Certificate of Entitlement process to allow for increased time to receive services but require an application to be completed within a 30-day period from initial WDVA receipt
- maximize the potential for automated efficiencies in the application and underwriting processes

It is the intent of the WDVA to further develop the HCAG Redesign recommendations and submit them for consideration in the next biennial budget process.

Sincerely,
DEPARTMENT OF VETERANS AFFAIRS



Raymond G. Boland
Secretary