

## **Section XII**

### **Preferred Facility and State Projection Allocations**

The purpose of this task is to restate the projections from the VA Enrollee Health Care Projection Model from an enrollees' place of residence basis to an enrollees' Preferred Facility basis. In order to support the strategic planning process, the primary projections are fundamentally geographic in nature. In order to support other VA needs, the primary projections were converted to a preferred facility basis.

Separate projections are not developed for a preferred facility for two reasons:

1. The veteran population (and therefore enrollment rates) is not readily attributable to preferred facilities. Thus, enrollment projections by preferred facility are dependent upon enrollment projections by place of residence.
2. If distinct assumptions were developed for area factors, reliance and morbidity factors, and average charge levels, by preferred facility, then the resulting projections would not balance to the primary residence-based projections.

Since independent projections cannot be run, the best available option for preferred facility projections is to allocate enrollment, utilization and expenditures from the primary projections to a preferred facility basis. A single critical assumption was used to facilitate and simplify this allocation:

The expected health care utilization and cost for any particular group of enrolled veterans in a particular area is the same, regardless of their choice of preferred facility.

In order to complete the allocation, it was necessary to determine the distribution of enrollees among preferred facilities, for each Sector, Age Group and Priority Group.

#### ***Distribution of Enrollment among Preferred Facilities***

The following fields from the Master Enrollment File were used to determine the expected distribution:

- Date of Birth (to calculate Age)
- Enrollee Type
- Priority Level
- County of Residence (to identify Sector)
- Preferred Facility
- Enrollment and Death Dates (to calculate Exposure during FY 2002)

Preferred Facilities from the MEF were mapped to MCCV (defined as the Medical Center Closest to the facility within the VISN), according to the mapping provided by VA's PSSG in May 2003.

For each Sector, four expected distributions were identified, to reflect the possibility that facility preference is different for disabled veterans than for non-disabled veterans and for older veterans than for younger veterans. The expected distributions were grouped as follows:

1. Under Age 65, Priority Levels 1 to 4
2. Under Age 65, Priority Levels 5 to 8
3. Ages 65 and Over, Priority Levels 1 to 4
4. Ages 65 and Over, Priority Levels 5 to 8

The expected distributions were created based on the relative exposure of the top 20 preferred MCCVs in each cell (Sector, Age Group and Priority Group) in the MEF.

The projected health care utilization and cost for each group of enrolled veterans in each sector was allocated uniformly to preferred facilities, according to the expected distribution of enrollment among those preferred facilities.

### ***State Summaries: Enrollment, Utilization and Expenditures***

Because some Sectors cross state lines, it is difficult to summarize the enrollment, utilization and expenditure projections by State. The purpose of this task is to allocate the projections for sectors that cross state lines to the states represented in the sector. In this way, the projections can be approximately summarized by state. A single distribution was used for all ages and Priority Levels within a sector. This distribution was based on the relative proportion of veterans

in the County VetPop (VetPop 2001 Adjusted, filename VP01Adj\_County\_v2.sas7bdat, provided by the VA Office of the Actuary) for each year.

The market share and expected health care utilization and cost for any particular group of enrolled veterans in a particular sector are assumed to be the same, regardless of their state of residence.

The projected enrollment, health care utilization and cost for each group of enrolled veterans in each sector were allocated uniformly to states, according to the veteran population distribution of enrollment within the sector among those states. In 2002 the projected enrollment by state does not exactly match the actual enrollment by state, because the allocations are balanced to veteran population, not to enrollment.