

## Payers of Long-Term Services and Supports for Veterans

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## Bottom Line Up Front

As more Veterans age or experience disabilities and need help managing personal and health care, the need for long-term services and supports (LTSS) grows. One of the main questions for Veterans and other stakeholders is who pays for these LTSS. This brief describes the programs provided by Veterans Health Administration and Veterans Benefits Administration that pay for LTSS, as well as external programs and services also available to Veterans.

### Introduction


Long-term services and supports (LTSS) help older people or those with disabilities manage their health and personal needs.<sup>1</sup> Veterans can receive LTSS in home-, community-, or institutional-based settings. Common LTSS include care provided in a nursing home, home health aide services, or respite care.

Expenditures for LTSS are increasing as the proportion of Veterans grows, and quickly. Nearly half of America’s 8.1 million Veterans were at least 65 years old in 2021.<sup>2</sup> Over 500,000 Veterans used some form of LTSS in 2018, with Department of Veterans Affairs’ (VA) LTSS expenditures projected to reach over \$14 billion by 2037.<sup>3</sup>

The range of LTSS payers available to Veterans is highly complex. Succinctly summarizing the programs available through Veterans Health Administration (VHA) and Veterans Benefits Administration (VBA) and how they may or may not interact is a valuable first step towards improving the evidence base for LTSS payment.

The following table describes the programs administered through VHA and VBA to pay for LTSS, their eligibility requirements, and the types of coverage provided.

**Costs of Care**



VA is projected to spend over \$14 billion on LTSS by 2037.<sup>3</sup>

### VHA and VBA LTSS Coverage Types

Coverage Name	Eligibility Requirements	Coverage Provided
<b>VA Standard Health Benefit (VHA)<sup>4</sup></b>	<ul style="list-style-type: none"> <li>Enrolled in VA health care <b>and</b></li> <li>Need help with treatment or ongoing care <b>and</b></li> <li>Services must be available locally</li> <li>Other requirements may apply, including service connection</li> </ul>	<ul style="list-style-type: none"> <li>No funds transfer; care provided directly to Veteran, including nursing care, respite care, home health care, homemaker/home health aide, or adult day health</li> <li>No coverage for room and board at assisted living facility or community living center</li> </ul>
<b>VA Pension (VBA)<sup>5</sup></b>	<ul style="list-style-type: none"> <li>Did not receive a dishonorable discharge <b>and</b></li> <li>Annual family income and net worth is below the limit set by Congress <b>and</b></li> <li>Served during specific wartime periods <b>and</b></li> </ul>	<ul style="list-style-type: none"> <li>No restrictions on what kinds of LTSS these funds can cover</li> <li>Receiving VA Pension may disqualify some Veterans from receiving Medicaid benefits</li> </ul>

	<ul style="list-style-type: none"> <li>• Are 65 years or older <b>or</b> have a permanent disability <b>or</b> reside in a nursing home due to disability <b>or</b> receive Social Security Disability Insurance or Supplemental Security Income</li> </ul>	
<b>VA Aid and Attendance Benefit (VBA)<sup>6</sup></b>	<ul style="list-style-type: none"> <li>• Enrolled in VA Pension <b>and</b></li> <li>• Require significant help with activities of daily living (ADLs; personal care activities such as grooming, toileting, or eating) <b>or</b></li> <li>• Are bedridden <b>or</b> reside in a nursing home due to physical or mental disability <b>or</b> have limited eyesight (5/200 or less vision in both eyes with vision aids like glasses or contacts, or limited visual field)</li> </ul>	<ul style="list-style-type: none"> <li>• No restrictions on what kinds of LTSS these funds can cover</li> <li>• Funds can be used to pay a family caregiver</li> <li>• Funds cannot be used simultaneously with the Housebound Benefit or VA Disability Compensation</li> <li>• Can receive this benefit and Veteran Directed Care simultaneously</li> </ul>
<b>VA Housebound Benefit (VBA)<sup>6</sup></b>	<ul style="list-style-type: none"> <li>• Enrolled in VA Pension <b>and</b></li> <li>• Must be confined- or spend most of the time- in bed due to permanent disability</li> </ul>	<ul style="list-style-type: none"> <li>• No restrictions on what kinds of LTSS these funds can cover</li> <li>• Funds can be used to pay a family caregiver</li> <li>• Cannot be used with the Aid and Attendance Benefit</li> </ul>
<b>VA Disability Compensation (VBA)<sup>7</sup></b>	<ul style="list-style-type: none"> <li>• Must have a current injury or illness <b>and</b> meet certain service requirements <b>and</b></li> <li>• Were sick or injured during service <b>or</b> were sick or injured before serving, and serving made this worse, <b>or</b> have a disability related to service that did not appear until after service concluded</li> </ul>	<ul style="list-style-type: none"> <li>• Any LTSS may be purchased using these funds as their use is directed by the Veteran or their caregiver</li> </ul>
<b>VA Special Monthly Compensation (VBA)<sup>7</sup></b>	<ul style="list-style-type: none"> <li>• Must meet requirements for VA Disability Compensation <b>and</b></li> <li>• Are bedridden due to disability <b>or</b> need significant help from someone to manage personal care due to the disability</li> </ul>	<ul style="list-style-type: none"> <li>• Any LTSS may be purchased using these funds as their use is directed by the Veteran or their caregiver</li> </ul>

<p><b>VA Veteran-Directed Care Program (VHA)<sup>8</sup></b></p>	<ul style="list-style-type: none"> <li>• Enrolled in VA health care, <b>and</b> eligible for community care and meet clinical criterion for services, <b>and</b> services must be available locally</li> </ul>	<ul style="list-style-type: none"> <li>• Covered LTSS include home health aides for ADLs or paying a family caregiver</li> <li>• Not all VA Medical Centers have an active Veteran Directed Care program</li> </ul>
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## External LTSS Coverage Types

Veterans and caregivers also have options outside of VHA and VBA to pay for LTSS. These programs can be used in conjunction with VHA and VBA programs or on their own. VA recommends Veterans use a [Veterans Service Officer](#), available at no cost to Veterans and families, to identify the best coverage combination for their specific needs.<sup>5</sup>

### Medicaid

Medicaid is a jointly funded federal and state health insurance program for those with low incomes and disabilities.<sup>9</sup> About seven to 10 percent of Veterans enrolled in VA health care also have Medicaid coverage.<sup>10,11</sup> Medicaid funds LTSS in home- and community-based settings primarily through state waivers, and there is significant variation by state. Waivers often have waitlists for access to covered services.<sup>12,13,14</sup>

### Non-VA Options for LTSS Coverage

- Medicaid
- Long-Term Care Insurance
- Out-of-Pocket Spending
- Philanthropic and other funds

### Long-Term Care Insurance

Long-term care (LTC) insurance policies are bought directly by Veterans and other consumers to pay for LTSS with monthly premiums. Generally, LTC policies are expensive and fewer than eight million Americans have one.<sup>15,16</sup> The cost of a policy depends on many factors, including a Veteran's age at the time of enrolling and the maximum payout from and length of the policy.<sup>15</sup> Veterans may be denied if they are already in poor health or already using LTSS. LTSS covered by LTC insurance vary by plan, but often include nursing home stays, adult day centers, home health aides and other supports.

### Out-of-Pocket Spending

Nearly 14 percent of Americans paid out-of-pocket for LTSS in 2021.<sup>17</sup> Out-of-pocket spending can be a prerequisite for access to other programs, such as Medicaid, which has strict income and asset eligibility criteria.<sup>17</sup> Services covered by out-of-pocket spending vary as Veterans can choose to use their own funds for any needed supports.

### Other Funds

About seven percent of all expenditures for LTSS in 2021 came from other private funding sources, such as philanthropic funds.<sup>17</sup> Like paying out-of-pocket, philanthropic and other private funds are likely less restrictive about what kinds of LTSS they cover.<sup>18</sup>

## Conclusion

Accessing LTSS through VHA, VBA and external programs is complex for Veterans and caregivers. To further complicate matters, popular programs such as Medicare, TRICARE and private health insurance typically do not cover LTSS.<sup>19,20</sup> As such, more research is necessary to determine which coverage options are most economical for Veterans. Additionally, understanding the existing LTSS coverage options for Veterans is relevant to inform policy to expand access to LTSS. Policy work focusing on LTSS and expanded coverage includes Executive Order 14095, Increasing Access to High-Quality Care and Supporting Caregivers, and the Expanding Veterans' Options for Long-Term Care Act.<sup>21,22</sup>

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