



## How the Veterans Administration Became a Leader in American Health Care

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Most Americans would be surprised to learn that the nation's largest health care provider is not a private hospital network or an insurance company – it is the government-run Veterans Health Administration, popularly known as “the VA.” Every year more than 8.3 million veterans receive free or low-cost health care at hundreds of VA medical centers and outpatient clinics, parts of the most extensive integrated health care system in the country. The number of patients served has nearly doubled over the past fifteen years. Although VA patients are, on average, sicker and poorer than the average American, the system successfully delivers high-quality health care, even as it reins in costs.

The VA did not always have a good reputation. Just a few decades ago, the VA was known as a hidebound bureaucracy delivering poor care in dilapidated facilities. The system's shortcomings confirmed many people's worst fears about “government-run health care.” But a subsequent turnaround suggests that public health care can provide quality services that Americans value.

### Who Benefits from VA Health Care?

Although people think of the VA as a system to help wounded soldiers, the vast majority of its patients have always been poor veterans without injuries connected to their military service. Following the Civil War of the 1860s, both poor and wounded veterans received long-term care at public hospitals and government-funded veterans' homes. After World War I, hospitals were consolidated to create the modern VA system, which was greatly expanded after World War II. In 1996, the Veterans' Health Care Eligibility Reform Act of 1996 granted new access to large numbers of middle class veterans with no combat injuries.

- Today, only about one third of veterans enrolled in the VA health system have combat injuries, while another third qualify based on very low incomes or because of a documented disability. Middle class veterans make up the final third of VA patients. They may enroll as long as their annual income and net worth is less than \$80,000. The Congressional Budget Office projects that better-off veterans will make up the largest percentage of enrolled veterans by 2015.
- The VA has expanded dramatically over the last fifteen years. The number of veterans enrolled has grown from 4.7 million in 1999 to 8.3 million today. By 2015, the Congressional Budget Office estimates that nearly 10 million veterans will be enrolled to receive care from the Veterans Administration.

The modern VA's ability to serve so many patients developed through major watersheds – starting with a crucial partnership with medical schools forged after World War II and continuing with additional reforms in the 1990s.

## Improved Care in Alliance with Academic Medical Centers

The VA not only provides publicly supported care to large numbers of veterans; it also plays a major role in medical education and research. More than half of all American-trained physicians have received at least part of their education in a veterans' hospital. A strong partnership between the VA and academic medical schools was formed at the end of World War II, at a time when the VA faced mounting pressure to care for millions of wounded soldiers.

- The VA built hospitals in urban areas near medical schools and offered to provide residencies and internships for medical students.
- The Veterans Administration also allowed its hospitals to be used as centers for medical research – in exchange for obtaining for their patients access to cutting-edge expertise at the medical schools.

By most accounts, this half-century partnership has been a tremendous success. The size and patient population of VA medical centers offer numerous opportunities for medical residencies and research, while VA hospitals benefit from their affiliation with top medical schools.

## Bipartisan Agreement Leads to Expanded Access and Quality

Although the VA improved after World War II, its reputation for medical excellence began a long decline in the 1970s. Embarrassing failures led to protests from veterans associations, and some critics called for the breakup of the VA and the privatization of veterans' health care.

After President Bill Clinton's plan for national health reform fell short in 1994, VA officials saw an opportunity to expand their system. In essence, they lobbied for services to be expanded to middle class veterans, and proposed that the VA should expand from a hospital system treating acutely ill patients into an integrated system to provide ongoing primary and preventive health care. The VA proposal attracted bipartisan support because it promised to expand VA clinics into under-served rural areas – particularly in the Sunbelt states.

The result of the legislation signed by President Clinton in 1996 is the Veterans Administration health system we see today. Now veterans receive comprehensive medical care at more than 800 community-based outpatient clinics, all of which are affiliated with VA medical centers through a series of regional health care networks. Recent reforms both built on and salvaged the valuable alliance with medical schools. Doctors continue to get training at VA hospitals, and ties to advanced medical centers have helped the contemporary VA become a leader at using advanced technologies and research-proven medical treatments to deliver good care at a reasonable cost.

## Lessons for the Future

Some critics still call for the privatization of veterans' health care on the grounds that public institutions are inherently rigid and costly. But the VA's success demonstrates that public institutions can devise creative partnerships and implement imaginative reforms. The VA system once seemed proof of the failure of government-delivered medical care, yet it is now among the most effective health care systems in the nation. Millions of veterans – even those who are relatively well-off – freely choose to receive their health care from the VA. As U.S. health care costs continue to spiral out of control, the VA's success offers one possible

blueprint for a public option that delivers quality care at a reasonable price.