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Racial Difference in the Use of VA Health Services

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The Department of Veterans Affairs (VA) provides health care services to eligible veterans with service-related disabilities and/or low income. The VA health care services have since become a safety net to provide free or affordable care to many of the retired armed force veterans. As of 2014, the VA system treats 6.6 million unique patients annually and has a total expenditure of \$58 billion.

As the VA system grows to become the largest health care system in the United States, there have been extensive studies on the quality of services delivered in VA facilities. The demand for VA services, however, is not as widely studied. Most of the studies about the VA system rely on samples from either patients in VA facilities or enrolled veterans, and such research designs miss veterans who are not eligible for VA and/or choose not to use VA health services.

We fill in this gap using a representative sample of elder (51 and older) veterans in the U.S. from the Health and Retirement Study (HRS). The HRS recently administered veteran mail surveys, which provide extensive information regarding veteran's health status, use of health care services, attitudes toward various services, and experiences in the military. Combined with the demographic and social economic variables, as well as cognitive measures, in the core survey of the HRS, our data facilitate the comparisons of VA users against nonusers usually not available in previous research.

Three research questions are addressed in our study. Is there a racial difference in the use of VA health services? What economic, health, social, or attitudinal factors influence such use? Do these factors explain the racial differences observed? The answers to these questions are of interest for a number of policy concerns, such as understanding the demand for health care services in the VA system, assessing the perception of the quality of

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services delivered, and gauging the interaction of the VA system with other changes affecting the health care environment.

Our major findings are:

- Among all veterans, those who are black and less healthy are more likely to use VA health services. Nevertheless, race and health status are not strong predictors of usage among the veterans eligible for services.
- The likelihood of VA usage drops when a veteran becomes age eligible for Medicare at age 65 or when a veteran has health insurance coverage through employment (either own or spousal coverage). This result holds not only among all veterans, but also among veterans who are eligible for VA services, suggesting that VA services are at least partially substituted by services provided through other channels.
- The perception regarding the quality of services delivered in VA versus non-VA facilities strongly affects the likelihood of VA usage. Veterans who think VA services are better than non-VA services tend to use VA services more. Black veterans on average have more favorable views toward VA services, and a majority portion of the racial difference in VA services usage can be attributed to the racial difference in perception.

These findings have significant implications about the VA system, especially its role in the U.S. health care system under the Affordable Care Act (ACA). Our finding that the demand for VA services is at least partially substituted by services delivered through other channels suggests potential to improve the efficiency of the system—presumably, veterans choose non-VA services either because non-VA services are preferred or because they are not able to get services in VA facilities. As the health insurance coverage expands under the ACA, such potential substitution may have significant consequences on the demand for VA services, as well as the type of patients who seek health care in VA facilities. Our findings also indicate possible redundancy for the veterans who are dual eligible for VA and Medicare.

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