RESEARCH BRIEF

How Might Veterans and the VA Health System Be Affected by Repeal of the Affordable Care Act?

As congressional debate over its future continues, the Affordable Care Act's (ACA's) effects on U.S. military veterans and the impact of the ACA's possible repeal on the Department of Veterans Affairs (VA) health system have received little attention. A new study by the RAND Corporation seeks to give policymakers and the public a better understanding of connections among the ACA, veterans' insurance coverage, and demand for care from the VA health system. The RAND research team addressed two major topics to analyze the potential impact of an ACA repeal on veterans and the VA system. The study documents how health insurance coverage for nonelderly veterans (those under age 65) has changed since the ACA's major coverage provisions took effect in 2014. The study also analyzes how ACA repeal could lead to unintended consequences for the VA health care system if veterans with significant health care needs were to lose access to health coverage they had newly gained under the ACA. Estimates are provided at both the national and state levels.

Key findings:

- **Uninsurance among nonelderly veterans fell by an adjusted 36 percent (3.3 percentage points) after implementation of the Affordable Care Act (ACA).**
- **Without the ACA, nonelderly veterans would have used about 1 percent more Department of Veterans Affairs (VA) health care in 2015—125,000 more office visits, 1,500 more inpatient surgeries, and 375,000 more prescriptions.**
- **The American Health Care Act would increase uninsurance among veterans and demand for VA care by a greater margin than simply returning to pre-ACA levels of coverage.**

The study's key findings include the following:

- Nonelderly veterans were 36 percent (3.3 percentage points) less likely to be uninsured after ACA implementation. The proportion of nonelderly veterans lacking both VA coverage and non-VA health insurance fell from an adjusted 9.1 percent in 2013 to 5.8 percent in 2015.
- Gains in coverage can be attributed both to greater Medicaid enrollment due to the ACA Medicaid expansion and to increased private coverage.
- Among low-income nonelderly veterans, the ACA Medicaid expansion increased enrollment in Medicaid by 8.4 percentage points, as compared with similar veterans in nonexpansion states.
- ACA Medicaid expansion led to larger coverage increases for low-income veterans living far from VA facilities, suggesting that the expansion provided a valuable new coverage option for veterans facing barriers to VA access.
- The largest reductions in the proportion of veterans without insurance were observed in Medicaid expansion states, particularly Oregon, Arkansas, Nevada, Kentucky, and Washington.
- By increasing non-VA health coverage for VA patients, the ACA likely reduced demand for VA care. If veterans in 2015 had the same patterns of insurance coverage as were observed in 2013, nonelderly veterans would have used about 1 percent more VA health care in 2015—125,000 more office visits, 1,500 more inpatient surgeries, and 375,000 more prescriptions.

The RAND research team also estimated how changes in veterans' insurance coverage anticipated under the House-passed American Health Care Act of 2017 (AHCA) might affect demand for VA health services. The following findings reflect the coverage impacts anticipated under the AHCA in 2026, when changes to the Marketplaces would be fully phased in and the conversion of federal Medicaid funding to a capped allocation would have been in effect for six years. The full report provides more-detailed estimates, including analysis of the AHCA's impacts as of 2020.

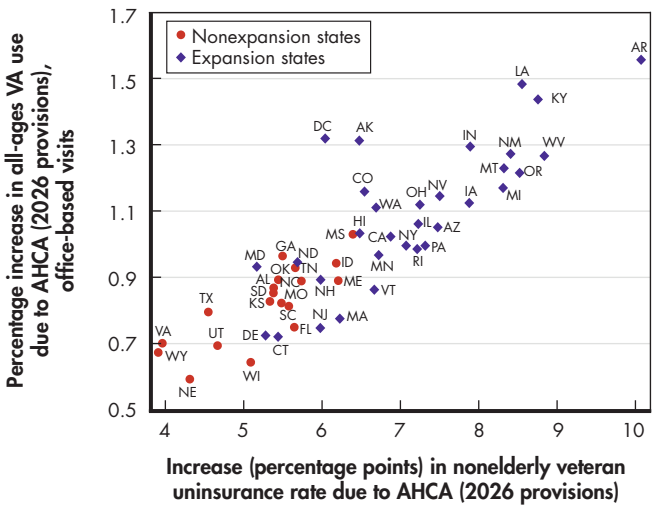
Key findings about ACA repeal include the following:

- Under ACA repeal legislation similar to the AHCA, a greater proportion of nonelderly veterans would lose insurance than gained coverage after the ACA took effect.
- Reductions in coverage under the AHCA would be concentrated among older, lower-income, and less-healthy nonelderly veterans.

- The populations of veterans with the largest coverage losses under the AHCA also tend to use the most health care from VA, magnifying the increase in VA demand resulting from ACA repeal.
- Under the AHCA, VA patients would receive less health care overall (1.7 percent fewer office-based visits and 1.7 percent fewer prescriptions) but more VA health care (2.3 percent more VA office-based visits and 3.2 percent more VA prescriptions). That translates into an estimated annual increase of 245,000 VA visits and 910,000 VA prescriptions, or 1 percent and 1.4 percent of total VA use in 2015.
- Impacts of repeal on veterans' insurance coverage and VA demand would also vary widely across states. Under the AHCA, Medicaid expansion states with higher proportions of low-income and nonelderly veterans would experience the largest VA demand increases, with Arkansas, Kentucky, and Louisiana experiencing the largest increases in VA demand relative to total VA use (see the figure).

Although passage of the AHCA as analyzed in this study currently appears unlikely, legislative proposals that result in similar coverage changes across groups of veterans would likely have a similar impact on VA demand. The results of the RAND team's analysis may help policymakers concerned about veterans' health and the ability of the VA system to meet patient demands to more accurately anticipate the effects of ACA repeal.

State-Level Impacts of the AHCA (2026 Provisions) on Insurance Coverage and Use of VA Care



SOURCES: Authors' calculations, 2008–2014 Medical Expenditure Panel Survey, 2015 Integrated Public Use Microdata Series American Community Survey, and VA's VetPop2016 demographic model. See the full report (available at www.rand.org/t/RR1955) for details.

This brief describes work done in RAND Health documented in *Veterans' Health Insurance Coverage Under the Affordable Care Act and Implications of Repeal for the Department of Veterans Affairs*, by Michael Dworsky, Carrie M. Farmer, and Mimi Shen, RR-1955-NYSHF/RWJ, 2017 (available at www.rand.org/t/RR1955). To view this brief online, visit www.rand.org/t/RB9983. The RAND Corporation is a research organization that develops solutions to public policy challenges to help make communities throughout the world safer and more secure, healthier and more prosperous. **RAND**® is a registered trademark.

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