June 20th, 2025

Honorable Elizabeth Warren
United States Senate
Washington, DC 20510

Honorable Lloyd Doggett
United States House of Representatives
Washington, DC 20515

RE: Response to Request to Estimate Spending Impact of Proposed VA/MA Legislation

Dear Senator Warren and Representative Doggett,

We are writing in response to your June 5, 2025, request regarding an estimate of the potential spending impact of proposed legislation to address potential excess spending on care for veterans enrolled in Medicare Advantage (MA) plans.

Per your request, researchers affiliated with the Center for Advancing Health Policy Through Research (CAHPR)[1] at the Brown University School of Public Health[2] have estimated the potential impact of proposed legislation that would allow for the Veterans Health Administration (VHA) to seek reimbursement from Medicare Advantage (MA) plans for services rendered to dually enrolled VHA/MA beneficiaries.

Compared to current baseline trends in spending among this population, we estimate that **over a ten year period from 2026 to 2035, this bill could reduce VHA spending by approximately $357.7 billion**. We describe the primary assumptions used in this calculation below.

Please don't hesitate to contact us if you have further questions,

Sincerely,

David Meyers, PhD
Associate Director, CAHPR
Associate Professor
Brown University School of Public Health

Andrew Ryan, PhD
Director, CAHPR
Professor
Brown University School of Public Health

[1] *The Center for Advancing Health Policy through Research (CAHPR) at the Brown University School of Public Health is a nonpartisan research center dedicated to generating research that informs policies aimed at reducing costs, improving patient well-being, and driving meaningful transformations in U.S. health care delivery. Our work focuses on the design of insurance plans and their interactions within the health care market, employing a unique approach that integrates quantitative policy analysis with legal evaluation. This combined methodology helps identify potential effective legal and regulatory changes. While this is not a research publication, it is informed by relevant research conducted from the center.*

[2] *The opinions and conclusions expressed in this analysis are the author's alone and do not reflect those of Brown University, the Brown University School of Public Health or any of the research sponsors.*

Estimates Table

Year	Estimate of VHA/MA Beneficiaries Who Use Care	Estimate of Total Spend per Beneficiary	Total VHA Spend
2026	1,553,466	$20,159.13	$31,316,521,835.03
2027	1,535,103	$21,066.29	$32,338,920,553.95
2028	1,515,769	$22,014.28	$33,368,561,640.32
2029	1,494,608	$23,004.92	$34,383,340,116.93
2030	1,470,541	$24,040.14	$35,352,002,620.89
2031	1,444,775	$25,121.95	$36,295,552,750.28
2032	1,418,010	$26,252.44	$37,226,226,776.05
2033	1,391,426	$27,433.79	$38,172,078,259.70
2034	1,365,621	$28,668.32	$39,150,050,796.20
2035	1,340,902	$29,958.39	$40,171,256,230.06
Total			$357,774,511,579.40

Assumptions and Calculations in our Estimate

Primary Mechanism for Savings

Currently, Veterans who are eligible for receiving healthcare through the VHA and who are also Medicare eligible, may enroll in both VHA and MA coverage.Under current statute, when the VA provides care for these veterans, the VA is not permitted to seek reimbursement from MA plans for those services. At the same time, MA plans receive full capitation payments from CMS for covering these same beneficiaries, which may constitute excess payment across the two programs.

The primary change this bill would make is that it would allow for the VHA to seek reimbursement from MA plans for services they provide for MA/VHA beneficiaries. This would represent a transfer from MA plan capitation payments to the VHA, covering payments the VHA would otherwise need to pay for using their annual budget.

In our estimate, we assume the savings would come from lower VHA spending on these enrollees over time.

Calculation of Savings

We calculate the savings as the total spending the VHA would otherwise be obligated for. We calculate this each year from 2026 to 2035 by multiplying an estimate of average annual per capita VHA spending on MA/VHA enrollees by the estimated number of MA/VHA enrollees who receive VHA care. We then sum this across years.

VHA Per Capita Spending

To calculate per capita VHA spending on MA/VHA duals over time, we first used data we reported in JAMA[3] on the actual VHA spending on these enrollees through 2020, supplemented with more recently available data. These spending numbers are in inflation adjusted dollars and assign estimated FFS Medicare payments to the care provided by the VHA to these beneficiaries.

We then project this per-capita spending number from 2026-2035 using a 4.5% annual growth rate, which is calculated from Medicare Trustees estimates.[4] Note that Medicare spending growth over the past several years has been closer to 7.1%, so this may be a conservative estimate.

Number of MA/VHA Enrollees who Receive VHA Care

We first used VA projections of veterans over the age of 65 over time as our base Medicare eligible VHA population.[5] This does not factor in those under the age of 65 who are Medicare eligible due to disability or ESRD, or Veterans over the age of 65 who elect not to receive Medicare.

We then assume that 35% of these veterans enroll in MA each year. This is in alignment with the MA penetration rate in the most recent data available, but we conservatively do not include MA penetration growth over time in our estimates.

Based on past data, around 65% of these veterans use VA care each year. Assuming this number does not change, we multiply this by the VHA/MA enrollees to get our final count of members. This may also be a conservative assumption, as past data indicates this rate has been increasing over time.

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[3] Meyers DJ, Schwartz AL, Jiang L, Yoon J, Trivedi AN. Spending by the Veterans Health Administration for Medicare Advantage Dual Enrollees, 2011-2020. JAMA. 2024;332(16):1392–1394. doi:10.1001/jama.2024.18073

[4] National Healthcare and Medical Spending. MedPAC. https://www.medpac.gov/wp-content/uploads/2024/07/July2024_MedPAC_DataBook_Sec1_SEC.pdf

[5] https://www.data.va.gov/stories/s/Veteran-Population-Projection-Model-VetPop-Landing/xayc-j8g6/

Miscellaneous Assumptions

- We assume that the VHA would negotiate payment rates similar to the FFS Medicare fee schedule, however the bill does not explicitly require that.
- We assume that the VHA would be successful in submitting claims and recouping payments for all services rendered to VHA/MA beneficiaries. To the extent that they are unable to, it would decrease our estimate.
- We assume that MA plans would not change behavior in response to this legislation. MA plans could attempt to shrink their MA/VHA enrollment if these beneficiaries are no longer as profitable, however given MA plans are paid approximately 20% higher than beneficiaries in FFS, this shift would still be cost saving. MA plans could also engage in increased coding behavior to make up for reduced profits which would lead to higher Medicare payments, however plans already have this incentive so changes to behavior may be minimal.

While these assumptions may change our overall estimates, our overall estimate may still be conservative given our conservative MA penetration growth and FFS spending growth estimates.