

An hourglass-shaped graphic with a globe inside. The top bulb is dark blue, and the bottom bulb is light blue. The globe is centered in the narrow neck of the hourglass. The entire graphic is set against a white background.

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Health Care for Dependents and Survivors of Veterans

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Abstract. The Civilian Health and Medical Program of the Department of Veterans Affairs (CHAMPVA) is primarily a fee-for-service program that provides reimbursement for most medical care for certain eligible dependents and survivors of veterans rated permanently and totally disabled from a service-connected condition. This report provides an overview of CHAMPVA and includes a series of questions and answers about the program.

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CRS Report for Congress

Health Care for Dependents and Survivors of Veterans

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Summary

The Civilian Health and Medical Program of the Department of Veterans Affairs (CHAMPVA) is primarily a fee-for-service program that provides reimbursement for most medical care for certain eligible dependents and survivors of veterans rated permanently and totally disabled from a service-connected condition. This report provides an overview of CHAMPVA and includes a series of questions and answers about the program. The report will be updated as legislative or programmatic changes warrant.

Overview

The Veterans Health Administration (VHA) of the Department of Veterans Affairs (VA) provides health care services to veterans who meet certain eligibility requirements. The VHA is primarily a direct service provider of primary care, specialized care, and related medical and social support services to veterans through an integrated health care system. In 1973, Congress established the Civilian Health and Medical Program of the Department of Veterans Affairs (CHAMPVA) as a means of providing health care services to dependents and survivors of certain veterans.¹ As stated in the House report accompanying P.L. 93-82:

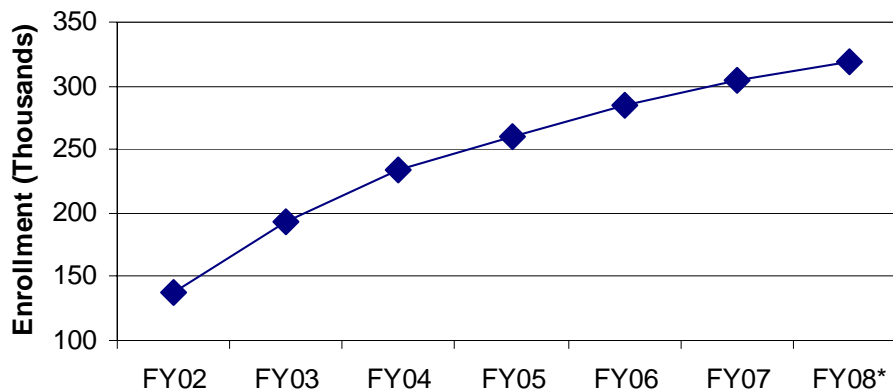
“The nation has long recognized that the widow and children of a veteran who dies of service-connected disease or injury or of a veteran who has a service-connected total disability are in a special category and deserving of substantial compensation and assistance in return for the sacrifice the family has made. This recognition has been shown in title 38 programs which provide for death compensation benefits, home

¹ Veterans Health Care Expansion Act of 1973 (P.L. 93-82).

loans, and educational assistance benefits for wives, widows, and war orphans. Failure to provide for the medical care of such individuals is an oversight which should be corrected.”²

CHAMPVA primarily is a fee-for-service program that provides reimbursement for most medical care for certain eligible dependents and survivors of veterans rated permanently and totally disabled from a service-connected condition.³ CHAMPVA is a cost-sharing program that reimburses providers and facilities a determined allowable amount, minus patient co-pay and deductible. CHAMPVA was designed to provide medical care in a manner similar to the care provided to certain eligible beneficiaries under the Department of Defense (DOD) TRICARE program (see the description below). The number of beneficiaries enrolled in CHAMPVA has grown over the years. From FY2002 through the second quarter of FY2008, enrollment grew by 175% — from 112,403 to 308,700 beneficiaries (see **Figure 1**). The 2001 expansion of CHAMPVA eligibility to certain individuals aged 65 years and older has contributed to the increase in enrollment. Moreover, there has been an increase in enrollment of dependents and spouses of certain Vietnam-era veterans with service-connected disabilities. This increase in Vietnam-era CHAMPVA sponsorship has occurred as aging Vietnam-era veterans with service-connected disabilities experience a worsening of symptoms and a change in disability status. Once a veteran becomes VA-rated permanently and totally disabled for a service-connected disability, the veteran’s spouse and dependents are then eligible to enroll in CHAMPVA.

Figure 1. CHAMPVA-Enrolled Beneficiaries, FY2002-FY2008



Source: Chart prepared by CRS, based on data from the Department of Veterans Affairs.

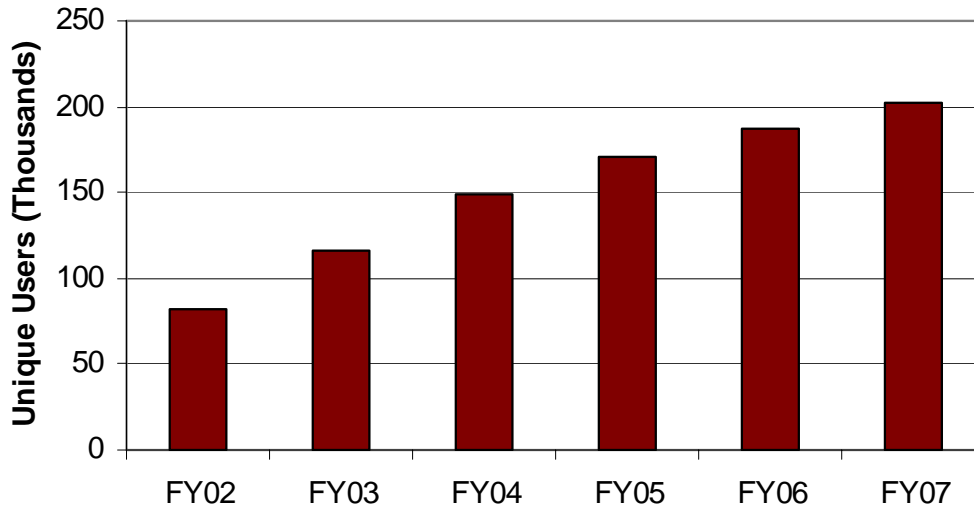
***Note:** Projected enrollment; actual second quarter enrollment 308,700.

² U.S. Congress, Committee on Veterans’ Affairs, *Veterans Health Care Expansion Act of 1973*, report to accompany H.R. 9048, 93rd Congress, first session, H.Rept. 93-368 (Washington: GPO, 1973).

³ The term “service-connected” means, with respect to disability, that such disability was incurred or aggravated in the line of duty in the active military, naval, or air service. VA determines whether veterans have service-connected disabilities, and for those with such disabilities, assigns ratings from 0 to 100% based on the severity of the disability. Percentages are assigned in increments of 10%.

Moreover, the number of unique CHAMPVA users has grown by 149% from FY2002 to FY2007 (see **Figure 2**). Unique users are enrollees who utilize a health benefit at least once in a fiscal year.

Figure 2. CHAMPVA Unique Users, FY2002-FY2007



Source: Chart prepared by CRS, based on data from the Department of Veterans Affairs.

Funding for CHAMPVA is provided through the VHA’s Medical Services account.⁴ As shown in **Table 1**, spending for CHAMPVA grew from approximately \$200 million in FY2002 to approximately \$835 million in FY2008, a 311% increase over the seven-year period. Between FY2002 and FY2007, CHAMPVA expenditures increased by 251%, while the number of unique users increased by only 149% during the same period. These data imply an increased average cost per patient from approximately \$2,495 per patient in FY2002 to \$3,512 per patient in FY2007. A demographic shift in CHAMPVA enrollees from less expensive younger beneficiaries to more expensive aging beneficiaries, in addition to the general inflation of medical costs, has contributed to the increase in CHAMPVA expenditures.

Table 1. CHAMPVA Expenditures, FY2002-FY2008
(Dollars in millions)

	FY2002 Actual	FY2003 Actual	FY2004 Actual	FY2005 Actual	FY2006 Actual	FY2007 Actual	FY2008 Estimated
Expenditures	\$203.1	\$318.2	\$454.5	\$565.5	\$656.9	\$712.2	\$834.8

Source: Table prepared by CRS, based on data from the U.S. Department of Veterans Affairs, *Congressional Budget Submissions (FY2004-09), Medical Programs*.

⁴ For detailed information on VHA appropriations, see CRS Report RL34063, *Veterans’ Medical Care: FY2008 Appropriations*, by Sidath Viranga Panangala.

The next section provides answers to frequently asked questions about the program.

Questions and Answers⁵

Who Is Eligible to Receive CHAMPVA Benefits? Eligibility for CHAMPVA requires inclusion in one of the following categories:⁶

- the individual is the spouse or child of a veteran who has been rated permanently and totally disabled for a service-connected disability;
- the individual is the surviving spouse or child of a veteran who died from a VA-rated service-connected disability;
- the individual is the surviving spouse or child of a veteran who was at the time of death rated permanently and totally disabled from a service-connected disability;
- or the individual is the surviving spouse or child of a military member who died on active duty, not due to misconduct (in most cases, these family members are eligible under TRICARE, not CHAMPVA).

What Happens if a CHAMPVA-Eligible Spouse Divorces or Remarries?

CHAMPVA eligibility is terminated by divorce or annulment of marriage to the qualifying veteran. CHAMPVA has specific eligibility rules for widows. When a CHAMPVA-eligible widow remarries, eligibility is terminated if the marriage occurs before the age of 55. As of February 4, 2003, a CHAMPVA-eligible widow who remarries at age 55 or older remains eligible for CHAMPVA. If a CHAMPVA-eligible widow under the age of 55 remarries, and the remarriage is later terminated, the widow is again eligible for CHAMPVA.

When Does a Child Lose Eligibility? In general, eligibility for CHAMPVA is lost when either a child (other than a helpless child)⁷ turns 18, unless enrolled in an accredited school as a full-time student; a child, who has been a full-time student, turns 23 or loses full-time student status; a child marries; or a stepchild no longer lives in the household of the sponsor.

What Is the Difference Between CHAMPVA and TRICARE? Before distinguishing between the two programs, it is important to make the distinction between a veteran and a military retiree. Title 38 of the United States Code defines a “veteran” as a person who has been discharged under conditions other than dishonorable from active

⁵ This part was drawn from: Department of Veterans Affairs Health Administration Center, *CHAMPVA 2006 Handbook*, November 2006, at [<http://www.va.gov/hac/forbeneficiaries/champva/handbook/chandbook.pdf>] and [<http://www.va.gov/hac>], visited June 2, 2008.

⁶ 38 U.S.C. § 1781; 38 C.F.R. § 17.270-17.278.

⁷ A helpless child is established after a fact-based analysis completed by a VA Regional Office determines the child to be permanently incapable of self-support by the age of 18. See 38 C.F.R. § 3.356 and [<http://www.va.gov/hac/forbeneficiaries/champva/handbook/chandbook.pdf>].

military, naval, or air service.⁸ All military retirees, by definition, are veterans. However, to be considered a “military retiree,” an individual generally must have spent at least 20 years on active duty in the armed services. CHAMPVA is a comprehensive program run by the VA for eligible family members of veterans rated permanently and totally disabled for a service-connected disability or the family members of veterans who died from a VA-rated service-connected disability. The sponsoring veteran does not receive services through CHAMPVA, as he or she is eligible to receive services through the VA. Dependents of military retirees are not eligible for CHAMPVA, and must apply for benefits through TRICARE. TRICARE is a health care program run by the DOD for families of active duty military service members, families of service members who died while on active duty, and retired military service men, women, and their families, regardless of their disability status. TRICARE has no disability criteria required for eligibility.⁹

What Is the Relationship of CHAMPVA and Medicare? Under section three of the Veterans’ Survivors Benefits Improvement Act of 2001, referred to as CHAMPVA for Life (P.L. 107-14), CHAMPVA benefits were expanded to those over the age of 65 in the following circumstances. CHAMPVA is the secondary payer for beneficiaries with Medicare coverage.

- If a beneficiary turns 65 before June 5, 2001, and only receives Medicare Part A, the beneficiary is eligible for CHAMPVA without having to purchase Medicare Part B coverage.
- If a beneficiary turns 65 before June 5, 2001, and receives both Medicare Part A and Part B, the beneficiary must retain both parts to be eligible for continued CHAMPVA as secondary coverage.
- If a beneficiary turns 65 on or after June 5, 2001, the beneficiary must be enrolled in Medicare Parts A and B to be eligible for CHAMPVA.
- Enrollment in Medicare Part D is not required to become or remain eligible for CHAMPVA.
- Individuals aged 65 or older not entitled to Medicare Part A retain CHAMPVA eligibility.

What Happens if the Beneficiary Has Other Health Insurance? By law, CHAMPVA is generally the secondary payer for beneficiaries having any other form of health insurance. The primary health insurance company is billed first, and then beneficiaries submit an explanation of benefits (EOB) for additional reimbursement by CHAMPVA. The exception is for beneficiaries with Medicaid, beneficiaries receiving care under the State Victims of Crime Compensation Program, or beneficiaries with a CHAMPVA supplementary insurance policy. In those cases, CHAMPVA is the first payer.¹⁰

⁸ 38 U.S.C. § 101.

⁹ For further information on TRICARE, see CRS Report RL33537, *Military Medical Care: Questions and Answers*, by Richard A. Best Jr.; and the Department of Defense, *Evaluation of the TRICARE Program: FY2005 Report to the Congress*, March 1, 2005, pp. 63. For specific provisions, see [<http://www.TRICARE.osd.mil>]; relevant regulations are at 32 C.F.R. § 199.

¹⁰ 38 C.F.R. § 17.275.

What Medical Benefits Are Available to Eligible Beneficiaries? The CHAMPVA program covers most health care services and supplies that are determined to be medically necessary, including inpatient and outpatient care, prescription drugs, mental health services, and skilled nursing care. By law, CHAMPVA is required to provide health care benefits that are similar to the DOD's TRICARE program. Chiropractic services, routine eye examinations, hearing aids, and most dental benefits are excluded from both the federal CHAMPVA and TRICARE programs.¹¹

What Is the CHAMPVA Payment Structure? CHAMPVA is a cost-sharing program that reimburses at rates comparable to the Medicare and TRICARE programs. CHAMPVA has an outpatient deductible of \$50 per person and \$100 per family per calendar year. After the deductible is reached, CHAMPVA pays 75% of the allowable amount, and the beneficiary pays 25% of the total amount.¹² The patient typically pays the cost share at the time the service is provided, unless the beneficiary has another health insurance plan. In cases where a beneficiary has another form of health insurance, CHAMPVA is the secondary payer (with the exception of the circumstances outlined in question five), and pays the lesser of either 75% of the allowable amount after the deductible or the rest of the billed charges. There is a \$3,000 cap on cost sharing per CHAMPVA-eligible family. There is also an exception to the payment scheme outlined here for instances in which medical services are rendered through VA facilities participating in the CHAMPVA In-house Treatment Initiative (CITI).¹³

What Is the CHAMPVA In-House Treatment Initiative (CITI)? The CITI is a voluntary program for CHAMPVA beneficiaries that provides medical care through local VA facilities on a space-available basis. Beneficiaries receiving care at the VA through the CITI program are not required to pay a deductible or participate in cost sharing. No extra enrollment is necessary to participate in the CITI program; the beneficiary simply has to determine if the local VA is a participating facility. The majority of VA facilities are CITI participants. It is important to emphasize that care is delivered based on the availability of space. Beneficiaries on Medicare or who have an HMO plan as their primary insurance are not eligible for the CITI program.

How Are CHAMPVA Claims Processed? All CHAMPVA claims are processed through the VA Health Administration Center (HAC) in Denver, Colorado. Claims can be submitted by either the provider or the beneficiary, with each case requiring a different set of forms. All claims must be filed within one year after the date of service. For inpatient care, the claim must be filed within one year of the discharge date, and all payments will be made to the hospital regardless of which party submits the billing. Claims submitted after the one-year deadline will be denied.

¹¹ 38 C.F.R. § 17.272.

¹² An allowable amount is the maximum payment that is authorized by the VA for a covered medical service or supply.

¹³ 38 C.F.R. § 17.274.