

Spending for VA Specialized Mental Health Care

Todd H. Wagner

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Spending for mental health treatment in the Department of Veterans Affairs (VA) declined sharply from 1993 to 1999.¹ Between 2001 and 2004, the total spent on substance use treatment increased 5.5%, but because overall spending during these years increased 29.8%, the percentage of all Veterans Health Administration (VHA) spending devoted to substance use treatment decreased from 2.2% in 2001 to 1.8% in 2004.

Table 1 Spending for VHA Specialized Substance Use Treatment, as reported in DSS*

	FY2001	FY2002	FY2003	FY2004	% Change 00-03	% Change 00-04
All VA health care spending	17,262	18,551	20,436	22,402	18.4%	29.8%
All Specialized substance abuse treatment	386	384	397	407	3.0%	5.5%
Inpatient	57	44	33	30	-41.4%	-47.4%
Residential	117	145	165	171	41.0%	46.6%
Outpatient	212	195	199	206	-6.0%	-2.9%
As percent of all VA health care cost	2.2%	2.1%	1.9%	1.8%		
Percent of specialized Substance abuse treatment						
Inpatient	14.7%	11.6%	8.4%	7.3%		
Residential	30.3%	37.6%	41.4%	42.1%		
Outpatient	55.0%	50.8%	50.2%	50.6%		

*Decision Support System Inpatient and Outpatient National Data Extracts.
Dollars are nominal

The numbers reported in Table 1 are from the VA Decision Support System (DSS). Our previous reports of substance use spending were calculated from the Cost Distribution Report (CDR) (see Table 2). The CDR was retired in FY2004. As can be seen by comparing Table 1 and 2, switching from the CDR to DSS dataset had little effect on the results. Although the DSS and CDR datasets differ in many regards, the methods used for analyzing the CDR and DSS are equivalent and are described in Chen et al.¹ Although there are slight differences in the amounts, it is not clear which dataset is more accurate. The general perception is that the numbers from DSS are more accurate than those from the CDR.

Table 2 VHA Spending for Specialized Substance Use Treatment as reported in the CDR*

	FY2000	FY2001	FY2002	FY2003	% Change 00-03
All VA health care spending	17,826	18,965	19,872	21,287	19.4%
All Specialized substance abuse treatment	360	383	366	365	1.7%
Inpatient	66	70	58	48	-27.2%
Residential	99	104	108	114	16.0%
Outpatient	195	209	200	202	3.4%
As percent of all VA health care cost	2.0%	2.0%	1.8%	1.7%	
Percent of specialized Substance abuse treatment					
Inpatient	18.3%	18.3%	15.8%	13.2%	
Residential	27.4%	27.3%	29.6%	31.4%	
Outpatient	54.3%	54.5%	54.6%	55.4%	

*Cost Distribution Report.

Dollars are nominal

1. Chen, S., Wagner, T.H., and Barnett, P.G. (2001). The Effect of Reforms On Spending For Veterans' Substance Abuse Treatment, 1993-1999." *Health Affairs*. 20 (4): 169-175