

Is There a VA Advantage?

Evidence from Dually Eligible Veterans

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Abstract

Societies face a difficult choice between private and public provision of health care, and there is a shortage of credible evidence to guide this choice. The structure of health care delivery to US veterans provides a distinctive research setting to study this issue. Specifically, veterans aged 65 and older are dually eligible for care in private hospitals (financed by Medicare) or public sector hospitals operated by the US Department of Veterans Affairs (VA) in the nation's largest integrated health care delivery system. We utilize the ambulance design of Doyle et al. (2015) to examine the effect of VA vs. non-VA emergency care on mortality in this high-risk population. We find a VA advantage: a 28-day mortality reduction of 46% (4.5 percentage points, with a 95% confidence interval of 1.1 to 8.0). Survival gains persist for at least a year after the initial ambulance ride, and they accrue despite lower spending in the VA. Evidence suggests that the VA advantage arises in part from some combination of continuity of care and health IT. These results have policy relevance—as the federal government is deciding whether to maintain the existing VA system or to expand financing of private care outside of the VA—and they shed light on sources of inefficiency in private-sector health care in the US.