



Veterans Affairs  
Canada

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# EVALUATION OF THE HEALTH CARE BENEFITS AND SERVICES PROGRAM

Final: January 2014

Audit and Evaluation Division

Canada 

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# EXECUTIVE SUMMARY

## Background

This evaluation of the Health Care Benefits and Services Program was conducted in accordance with Veterans Affairs Canada's (VAC) approved multi-year, risk-based Evaluation Plan 2012-2017.

The Health Care Benefits and Services Program, commonly referred to as the Treatment Benefits Program, provides Veteran recipients with access to extended health care.<sup>1</sup> There are 14 benefits and services groups comprising a wide range of offerings. An overview of the benefits and services can be found in Appendix A.

The Health Care Benefits and Services Program, herein after referred to as "the Program", is one source of health care available in Canada that contributes to the well-being of recipients. In 2011-12, the Program funded \$262 million in benefits and services. The Program is delivered through various departmental offices in conjunction with a health claims processing contractor. Recipients are primarily Veterans in receipt of disability pensions or awards. Some Veterans also have eligibility through other Veterans Affairs Canada programs. The evaluation focused on eligible war service and Canadian Armed Forces (CAF) program recipients. The evaluation did not assess benefits/services provided through the Department's Rehabilitation Program.

The evaluation examined the relevance and performance of the Program, and was conducted in accordance with Treasury Board policy requirements and related Treasury Board Secretariat guidance material. The evaluation findings and conclusions are based on the analysis of multiple lines of qualitative and quantitative evidence.

## Overall Results

### **Relevance**

The Program is aligned with the priorities of the Government of Canada, as well as the strategic plans of the Department. The evaluation confirms a continuing need for the Program. Although recipients are generally satisfied with the program, satisfaction rates vary significantly between the CAF and war service<sup>2</sup> recipients with war service

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<sup>1</sup> The *Veterans Health Care Regulations, Part I, Health Care Benefits* refers to 'Treatment Benefits' as the mechanism to provide support to recipients; however, under the Department's *Program Activity Architecture* the same activity is known as 'Health Care Benefits and Services'. This evaluation provides coverage based on the Program Activity Architecture, therefore the report references 'Health Care Benefits and Services'.

<sup>2</sup> Canada's war service Veterans are the men and women who served during the First World War, the Second World War and the Korean War. CAF Veterans are the men and women who served post World War II (excluding the Korean War).

recipients indicating they are more satisfied. This may be due in part to war service recipients having more access to benefits and higher levels of awareness of the Program and its offerings. The utilization of the Program by CAF Veterans is increasing, yet over half of those eligible for benefits and services have not used them. There are a number of potential reasons for non-use, including lack of awareness of benefits and services available and access to treatment from another source (e.g., provinces).

Starting in 2010-2011, CAF Veterans became the majority of eligible recipients of the Program. A review of the data indicates that this group is faced with a variety of complex health problems. To maintain the Program's relevance, particularly for the CAF recipients, it is necessary for the Department to continue updating the types of benefits and services provided, as well as how the Program is delivered. The Department also needs to continue to improve information sharing with Veterans to ensure that they are aware of benefits and services available to them.

### ***Achievement of Expected Outcomes***

The effectiveness and success of a program are generally measured through the use of performance measurement strategies that include performance indicators and intended program outcomes. The achievement of Program outcomes is higher for the war service population. Generally, war service recipients have more access to the Program's benefits and services, as well as higher utilization and higher rates of self-reported needs met compared to CAF recipients. Improved indicators of success would provide additional information to allow for more precise measurement of the achievement of Program outcomes for both recipient groups.

### ***Demonstration of Efficiency and Economy***

A comparison of administrative costs with other federal departments providing similar programs and services was conducted. Due to differences between the programs, a comparison of administrative costs to deliver the programs would not be appropriate. A review of recent VAC initiatives to improve the efficiency of the Program suggests that while the Department has achieved some success, some initiatives have not yet achieved the intended goals.

The evaluation findings and conclusions resulted in the following recommendations:

**Recommendation 1:**

**It is recommended that the Assistant Deputy Minister, Policy, Communications and Commemoration, in conjunction with the Assistant Deputy Minister, Service Delivery, better aligns CAF applicants' and recipients' expectations with program benefits and services available by: (Essential)**

- i. designing and implementing measures to collect more specific and comprehensive feedback from CAF Veterans regarding their expectations and level of awareness of the Program; and**
- ii. providing clear program eligibility, specific benefit information, and process details to CAF applicants and recipients.**

**Recommendation 2:**

**It is recommended that the Assistant Deputy Minister, Service Delivery, reviews and updates the Performance Measurement Strategy to include more appropriate measures to assess Program success. (Essential)**

## 1.0 Introduction

During World War II, the Government of Canada developed a comprehensive framework of programs, services, pensions and allowances to support the re-establishment of Veterans into civilian life. An important component of this framework was health care. Over time, Veterans Affairs Canada's (VAC) health care assistance and its delivery have evolved to meet the changing needs of Veterans and the changing Canadian health care system.

VAC's Health Care Benefits and Services Program provides access to, and funding for, eligible Veterans to obtain extended health care services and benefits. The Program offers a comprehensive range of benefits and services that are organized into 14 benefits and services groups, which are described briefly in Appendix A:

- |                             |                               |
|-----------------------------|-------------------------------|
| 1. Aids for Daily Living    | 8. Nursing Services           |
| 2. Ambulance Services       | 9. Oxygen Therapy             |
| 3. Audio (Hearing) Services | 10. Prescription Drugs        |
| 4. Dental Services          | 11. Prosthetics and Orthotics |
| 5. Hospital Services        | 12. Related Health Services   |
| 6. Medical Services         | 13. Special Equipment         |
| 7. Medical Supplies         | 14. Vision (Eye) Care         |

In 2011-2012, the Program provided 129,000 eligible war service and Canadian Armed Forces (CAF) Veterans<sup>3</sup> with access to health care benefits and had program expenditures of \$262 million. Program funding allows recipients to obtain benefits and services to meet their health care needs. VAC administers the Program from its offices across the country in conjunction with a health claims processing contractor.

### ***Eligibility***

VAC's health care benefits and services are provided to eligible recipients under two categories:

- A-line coverage: for the treatment of service-related pensioned/awarded conditions; and
- B-line coverage: for the treatment of any approved health need, to the extent that the benefits are not available as an insured service under a provincial health care system nor available to them as a former member of the CAF. B-line coverage is available to medium and seriously disabled Veterans, income qualified recipients,

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<sup>3</sup> Canada's war service Veterans are the men and women who served during the First World War, the Second World War and the Korean War. CAF Veterans are the men and women who served post World War II (excluding the Korean War).

and some Veterans Independence Program and Long Term Care Program recipients.

## 2.0 Scope and Methodology

The evaluation team examined the Program over fiscal years 2009-2010 to 2011-2012. The evaluation focused on the Program pertaining to war service and CAF recipients. The evaluation does not include VAC's Rehabilitation Program, which uses the provision and delivery model of this Program for its recipients, but has a separate set of eligibility criteria and approval authorities.

The five core issues cited in the *Treasury Board Directive on the Evaluation Function* were examined to assist senior departmental management in making future decisions regarding the design and delivery of health care benefits and services. The five core issues are outlined below.

**Table 1 - Five Core Evaluation Issues**

<b>Relevance:</b>	<b>Performance:</b>
1. Continued Need for the Program	4. Achievement of Expected Outcomes
2. Alignment with Government Priorities	5. Demonstration of Efficiency and Economy
3. Alignment with Federal Roles and Responsibilities	

The evaluation was conducted between May 2012 and March 2013. The study employed multiple lines of evidence to assess the Program's relevance and performance. Table 2 below provides a list of the methodologies used.

**Table 2 - List of Methodologies**

Methodology	Source
<b>Qualitative</b>	
Literature Review	<ul style="list-style-type: none"> <li>• Departmental reports (Acts, Regulations, program and planning documents, and audit and evaluation reports)</li> <li>• Program documents from other countries (United Kingdom, United States and Australia)</li> <li>• Other federal departments' audit and evaluation reports</li> <li>• Canadian health care reports and studies</li> </ul>
Research Studies	<ul style="list-style-type: none"> <li>• VAC Research Directorate studies</li> <li>• Studies conducted by other federal government departments who deliver health care programs</li> </ul>
Key Informant Interviews (semi-formal, structured interviews)	Combination of 50 in-person, telephone and video interviews with: <ul style="list-style-type: none"> <li>• VAC staff</li> <li>• Medavie staff</li> <li>• Other federal and provincial government departmental subject matter experts</li> </ul>
<b>Quantitative</b>	
File Review	<ul style="list-style-type: none"> <li>• Random sample recipient file review (270 files provided a confidence level of 90% with a margin of error of <math>\pm 5\%</math>)</li> </ul>
Statistical/Program Data	<ul style="list-style-type: none"> <li>• VAC Statistics Directorate data</li> <li>• Program performance measurement data</li> <li>• VAC National Client Survey</li> <li>• Contractor claims processing data</li> <li>• Previous Veteran and public opinion polls and focus groups</li> </ul>

***Evaluation Considerations/Limitations***

The evaluation team acknowledged the following when developing the evaluation design:

- This Program evaluation was designed to cover all major program components at a high level, providing a base-line for future studies.
- At the time of the evaluation, the Program was undergoing significant changes (policy, processes, delivery) and the resources involved in administering the Program were also changing.
- The evaluation team did not consult with recipients or providers directly. The team relied on results from previous public opinion surveys, papers produced by Veteran stakeholder groups, a recipient file review, as well as interviews with VAC field staff.
- As the Department is in the process of re-tendering a new third-party processing contract, the evaluation team did not conduct a detailed review of associated processes.

## 3.0 Relevance

### 3.1 Continued Need for the Program

The recipient population of the Program ranges in age from 19 to 100 years. The health care needs of Veterans vary from minor, easily treatable conditions to complex multiple conditions. The war service recipient segment of the population has an average age of 88 years. These recipients are experiencing deteriorating health and end of life issues. Their needs include: home support; hearing and mobility aids; nursing services; prescription drugs; as well as other benefits and services provided through the Program.

The other population segment, CAF recipients, has an average age of 58 years. Recent studies about the health of CAF Veterans suggest that VAC's programs and services need to be capable of assisting those with complex states of health.<sup>4</sup> This complexity is demonstrated by the number and variety of physical, mental and social conditions reported by those receiving benefits from VAC. In addition, CAF Veterans released from the military between 1998 and 2007 who receive VAC benefits more often reported below average health-related quality of life than the general population.<sup>5</sup> This is not surprising because Veterans (both war service and CAF) with chronic health problems and disabilities seek health benefit assistance from VAC.

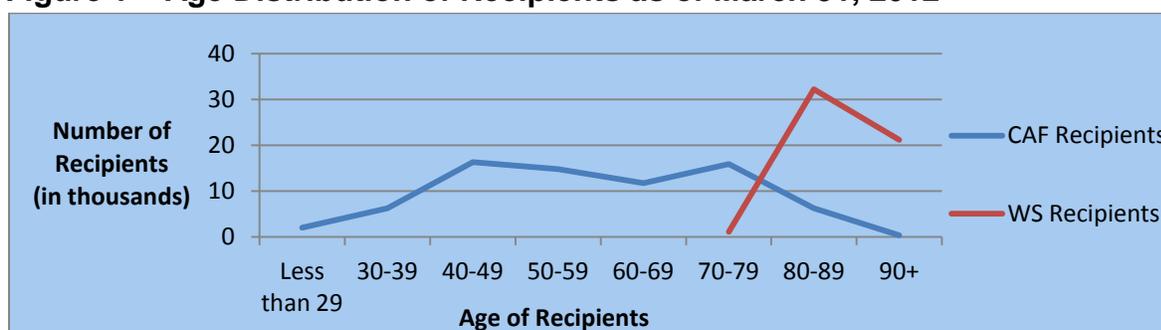
While the two recipient groups are often portrayed as separate and distinct, there is a segment of CAF recipients (9%) that has a similar age profile (those aged 70-79) as war service recipients and an additional 22% of CAF recipients are also approaching this age profile. With age being an indicator of health status, these CAF recipients' needs would be similar to those of the war service recipients in the same age group.

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<sup>4</sup> Thompson JM, MacLean MB, Van Til L, Sudom K, Sweet J, Poirier A, Adams J, Horton V, Campbell C, Pedlar D. *Survey on Transition to Civilian Life: Report on Regular Force Veterans*. Research Directorate, Veterans Affairs Canada, Charlottetown, and Director General Military Personnel Research and Analysis, Department of National Defence, Ottawa. 04 January 2011:103 p.10.

<sup>5</sup> Ibid. p. 77

**Figure 1 – Age Distribution of Recipients as of March 31, 2012**



Source: VAC Quarterly Fact Sheet, March 2012.

The availability of private/public health care insurance constitutes a key difference between the two groups. The majority of CAF Veterans reported having health care coverage for: medications (86%), dental (69%), and vision care (66%).<sup>6</sup> Health insurance was reported to be less available in the past to war service recipients. As a result, VAC provided more access to war service recipients through B-line coverage.

The Program responds to the needs of the majority of recipients who have eligibility. Based on a file review, 90% of recipients with identified needs were receiving benefits and services to meet those needs. For 9%, the provision of benefits and services had been requested and action was in progress, or there was limited file information available to arrive at a conclusion. Less than 1% of recipients appeared to have needs that were not being addressed.

Determining eligibility can be challenging for staff and confusing for recipients. This is due to complex eligibility criteria based on service, income, need, etc. Individual expectations regarding access to benefits and services does not always correspond to actual eligibility criteria (also see section 4.1).

The Program is evolving to meet the changing needs of recipients. Between 2008 and 2012 a review of benefits and services resulted in numerous updates to program offerings. Over the past five years, the Department's Research Directorate led several initiatives<sup>7</sup> resulting in valuable evidence and data that informs the Department on Veterans' health issues. To ensure the Program remains responsive to the current and future needs of eligible Veterans, VAC should continue to review the effectiveness of new types of treatments (see section 4.2 for additional information on program forecasts).

<sup>6</sup> MacLean MB, VanTil L, Kriger D, Sweet J, Poirier A, & Pedlar D. Well-Being of Canadian Forces Veterans: Canadian Community Health Survey 2003. Veterans Affairs Canada, Research Directorate Technical Report. Charlottetown. May 10, 2013; 64 p.

<sup>7</sup> Examples of research initiatives include *the Survey on Transition to Civilian Life: Report on Regular Force Veterans 2011*, *V is For Veteran: A Profile of Canadian Forces Regular Force Veterans Released 1998-2007*, and *Health Care Cost Drivers: Canadian Armed Forces Clients 2013*.

### **3.2 Alignment with Government Priorities and Responsibilities**

The Program is aligned with the priorities of the Government of Canada as stated in the June 2011 Speech from the Throne, “to continue to recognize and support all Veterans”, and, “... to respect provincial jurisdiction and working with the provinces to ensure that the health care system is sustainable and that there is accountability for results.”

The Program aligns with the Government of Canada outcome area of “healthy Canadians”<sup>8</sup>, as program participants are provided with access to health care benefits aimed at meeting their health care needs.

The Program respects provincial jurisdiction in accordance with the *Canada Health Act*, by providing financial support to eligible Veterans under the mandate and responsibility of VAC. Eligible Veterans are entitled to the benefits indicated in the *Veterans Health Care Regulations* or in the *Canadian Forces Members and Veterans Re-establishment and Compensation Act*.

The Program is a key component to achieving VAC’s mandate by contributing to the Veteran’s “*care, treatment and re-establishment in civil life*”.<sup>9</sup>

#### ***Program Comparison with Other Countries***

The evaluation team examined the programs across a number of other countries. A more detailed analysis of the health care benefit programs of the governments of Australia and the United States was conducted as these countries have more elements of comparability. All three countries provide various levels of financial support for health care benefits and services. A common eligibility criterion is injury during active service. Also, restrictions are applied to benefits and services based on eligibility. Though there are several comparable factors, each country has a different health care system, therefore the delivery of services and benefits to Veterans is unique to each country.

#### ***Potential Overlap with Other Canadian Programs***

Most extended health benefits provided to Canadians fall within the domain of private insurers and, to a lesser extent, the provinces. These benefits are not covered by the *Canada Health Act*. Each province offers a varying suite of extended benefit programs. The level of service offered and the eligibility criteria differ from province to province with most programs income-tested, age-related, and demographically defined. As a result, some overlap of some services exists among provincial, community, and the Program. The potential for overlap is further compounded because VAC does not

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<sup>8</sup> 2011-12 Overview of Government Spending and Performance. Treasury Board of Canada Secretariat.

<sup>9</sup> *Department of Veterans Affairs Act*. Section (i).

consistently monitor recipients' access to other health care coverage including private/public insurance. The result of having both jurisdictions providing health care coverage, some provinces, on learning that a resident is a Veteran, may refer them to VAC regardless of the Veteran's eligibility for services from VAC.

The potential for overlap is managed in the following ways:

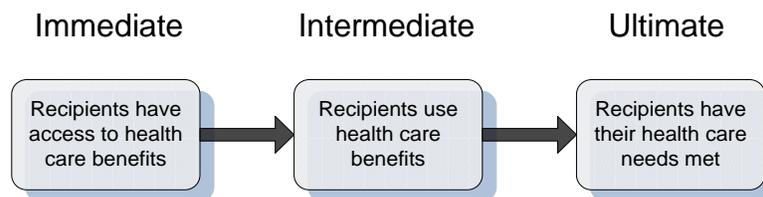
- If the health need resulted from the Veteran's service-related injuries, his/her care is the responsibility of the federal government through VAC.
- If the health need is not associated with the Veteran's service-related injury, the Veteran is advised to first use provincial coverage or private insurance.

These processes have provided mixed results. In some situations, VAC pays for services that should have been covered by the provinces, and some provinces pay for services that should have been covered by VAC. This finding is supported by other departmental reports. The Department is working to determine the extent of this issue and have it resolved through a combination of short- and long-term measures.

## 4.0 Performance

### 4.1 Achievement of Expected Outcomes

Program activities and outputs are expected to contribute to three outcomes:<sup>10</sup>



This section of the report addresses the progress realized toward achieving each of the Program outcomes.

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**Immediate Outcome:** Eligible Veterans and other program recipients have access to health care benefits

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Individuals gain access to the VAC's Health Care Benefits and Services Program through other VAC programs, primarily the Disability Benefits Program. A favourable disability decision provides access to health care benefits and services that are directly linked to their service-related condition.<sup>11</sup> There is no separate application for the Program.

Access is further defined by recipient type:

- A-line recipients have access to available benefits and services related to their pensioned/awarded condition; and
- B-line recipients have access to any approved benefit or service based on their health need, whether service-related or not, to the extent that it is not available as an insured service under a provincial health care system nor available to them as a former member of the Canadian Armed Forces.

A review of recipients' files by the evaluation team, as well as an analysis of Program data, suggests that the majority of war service recipients have B-line access to the Program. The majority of CAF recipients have A-line access for their service-related conditions, as well as access to additional health care coverage through private/public health care insurance.

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<sup>10</sup> See Appendix B for the Program Logic Model that depicts the relationships of the various program components.

<sup>11</sup> Note: Ambulance/health related travel, hospital services, medical services and drugs are automatically provided to all recipient types for their disability awarded/pensioned condition(s).

The breakdown of eligible Program recipients by fiscal year for 2009-2010 to 2011-2012 is outlined below in Table 3. There was an 18% decrease in war service eligible recipients from 2009-2010 to 2011-2012, with a corresponding increase of 15% in CAF eligible recipients over the same time period. This resulted in a total net decrease of 2% in the number of eligible recipients.

**Table 3 - Total Eligible Program Population at Year End (March 31<sup>st</sup>)**

<b>Eligible Recipients</b>	<b>2009-2010</b>	<b>2010-2011</b>	<b>2011-2012</b>	<b>Population Change (2009-10 to 2011-12)</b>
War Service Veterans	68,769	62,999	56,191	-18%
Canadian Armed Forces Veterans	62,895	68,341	72,466	15%
<b>Total</b>	<b>131,664</b>	<b>131,340</b>	<b>128,657</b>	<b>-2%*</b>

Source: VAC Statistics Directorate.

\* Change of total population cannot be arrived at by adding the changes of the individual populations.

Although not captured in Table 3, it is also noteworthy that the number of CAF recipients requesting disability reassessments and new conditions has doubled since 2009-2010 (from 1,736 to 3,479).<sup>12</sup> These applications are often for multiple conditions, and result in additional access to VAC health care benefits and services to CAF recipients.

### ***Program Awareness***

There is increasing anecdotal information to suggest that CAF recipient expectations regarding their access to benefits and services are not always in line with actual eligibility criteria. For example, findings from VAC field staff interviews indicate that there is confusion among some program recipients in terms of what is available to them as health care benefits. Staff are often required to provide detailed explanations to Veterans, families and providers regarding eligibilities for benefits and services.

The 2010 VAC National Client Survey also confirmed issues with Program awareness for the CAF. The survey reported that 66% of CAF Program recipients agreed or strongly agreed that they have a good understanding of the health care benefits and services that are available to them from VAC, compared to 86% of war service program recipients.

<sup>12</sup> VAC Statistics Directorate.

A 2012 report from the Auditor General of Canada<sup>13</sup> and VAC public opinion research<sup>14</sup> produced supporting qualitative evidence regarding Program awareness. In these reports CAF Veterans indicated that VAC's eligibility criteria were complex, and they wanted more detailed information on VAC Program/benefits eligibility criteria and departmental processes.

VAC is undertaking initiatives to improve information sharing with Veterans, especially CAF Veterans, such as enhanced web presence and improved print materials, and is monitoring the effectiveness of these new communication tools.

### ***Timeliness of Access***

One performance measure that is used to assess timeliness of access is the provision of a health care identification card. The published turnaround time of six weeks to provide the card has been fully achieved throughout the defined evaluation period.<sup>15</sup> A 100% achievement rate<sup>16</sup>, over three years, suggests the turnaround time standard could be reduced.

Other performance measures used for health care benefit access do not take into consideration how long it takes an individual to go through the eligibility process (e.g., disability award/pension application). For Veterans applying for a disability benefit, they do not receive a health care card until they receive a favourable disability decision. The departmental standard turnaround time from receipt of all information to decision of disability is 16 weeks. As noted in the 2011-2012 Departmental Performance Report, the achieved rate of performance for this target in 2011-2012 was 83%. This creates a risk for those whose applications are incomplete and take longer, as well as a potential risk to those individuals with health needs who may become eligible, but are not able to obtain health care on their own while waiting for a decision. These risks impact program recipients but are not assessed here as the disability benefit application process was not within the scope of the evaluation.

Program recipients have the right to appeal their health care benefit decision(s). Appeals constituted less than 1% of Program benefit authorizations in 2011-2012. From the data available, 317 first-level appeals and 206 second-level appeals were

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<sup>13</sup> 2012 Fall Report of the Auditor General of Canada. Chapter 4 - Transition of Ill and Injured Military Personnel to Civilian Life. 2012.

<sup>14</sup> Phase 5. Research to Assess the Effectiveness of Communication Products Designed for Canadian Forces Veterans. 2012. Harris Decima. Veterans' Understanding and Awareness of Services and Benefits Offered by Veterans Affairs Canada. 2012.

<sup>15</sup> Total of 33,878 health cards were mailed to VAC recipients in 2011-12. Not all cards would be for new recipients, some recipients may have gained additional access to benefits/services due to additional disability awards or Veteran Independence Program/Long Term Care eligibility.

<sup>16</sup> VAC Service Delivery Branch - Service Standard Results, Fiscal Year 2011-12.

conducted in 2011-2012.<sup>17</sup> The appeals unit provided an overall performance rate of 80%<sup>18</sup> in meeting the decision service standard turnaround target of 12 weeks.

As of March 31, 2013, all first level appeals (except dental and prescription drugs) are being assessed in one national review unit. This change should assist with the collecting of data and reporting of trends.

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**Intermediate Outcome: Eligible Veterans and other program recipients utilize health care benefits**

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Upon receiving a favourable disability decision, Veterans are automatically declared as eligible for certain benefits. The Program expectation is that if eligible recipients have access to health care benefits, they will use the benefits to the extent that they are needed. In 2011-2012, two-thirds of eligible recipients used at least one health benefit or service throughout the year.<sup>19</sup>

Table 4 below indicates that there is a significant difference in overall Program utilization rates<sup>20</sup> by recipient group. The table shows that the war service recipients' utilization is higher than CAF recipients' utilization for benefits and services to which they have access. This is due, in part, to war service recipients having more access to benefits and services through the B-line eligibility and age-related advanced health care needs.

**Table 4 - Program Utilization Rates at Year End, 2011-2012**

<b>Veteran Type</b>	<b>Number Eligible</b>	<b>Number Utilizing</b>	<b>Utilization Rate</b>
War Service Recipients	56,191	51,682	94%
Canadian Armed Forces Recipients	72,466	33,867	47%
<b>All Recipients</b>	<b>128,657</b>	<b>85,549</b>	<b>67%</b>

Source: VAC Statistics Directorate.

In 2011-2012, the majority of medical conditions for which recipients had a favourable disability decision were related to hearing, musculoskeletal and mental health.<sup>21</sup> The highest used benefit groups by CAF recipients were Prescription Drugs, Audio (Hearing)

<sup>17</sup> Appeals data was not available from three VAC centres, limiting the evaluation team's ability to analyze the Program's full appeal process.

<sup>18</sup> VAC Service Delivery Branch - Service Standard Results, Fiscal Year 2011-12.

<sup>19</sup> VAC Statistics Directorate.

<sup>20</sup> Program utilization refers to the use of at least one health benefit or service.

<sup>21</sup> VAC Facts and Figures Book. June 2012. Table 4f.

Services and Related Health Services. The top benefit and services groups used by war service recipients are Prescription Drugs, Audio Services and Dental Services. See Table 5 in section 4.2 for utilization and expenditures by recipient type for the overall top three benefits and services groups (i.e. Prescription Drugs, Audio (Hearing) Services and Related Health Services).

The evaluation team is unable to definitively state the reasons why some recipients with eligibility are not using the Program. Interviews and document reviews suggest that some recipients are not using treatment benefits for the following reasons:

- lack of awareness of services/supports available;
- access to treatment from another source (e.g., provincial health care, personal insurance, or VAC's Rehabilitation Program);
- deterioration of their service condition is minor and has not yet required assistance from VAC; and
- belief that available treatments will not help with their condition.

In summary, the Program enables recipients to use health care benefits and services, contributing to the stated intermediate outcome. Other factors also influence this outcome, such as the availability of other health care coverage.

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**Ultimate Outcome:            Eligible Veterans and other program recipients  
   have their health care needs met**

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Program theory suggests that if eligible Program recipients have access to health care benefits, and they utilize those benefits, their health care needs will be met. Factors external to the program may also impact the achievement of the outcome (e.g., other programs/coverage, personal choice, and provider availability).

VAC is one partner in a complex health care system. The Program contributes to meeting health care needs of recipients by providing funding to help address the service-related and other health conditions of Veterans that fall within VAC's mandate.

VAC often interacts with other organizations, such as provincial health counterparts, to help coordinate and address recipients' health needs. The majority of VAC staff interviewed indicated that they consult with provincial and community programs to address the needs for which recipients are not eligible through VAC's Program.

The Department relies primarily on recipient self-reported measures to assess the ultimate outcome – mainly the National Client Survey. The 2010 survey results indicated a significant gap between the CAF and war service recipient responses: 60% of CAF recipients and 92% of war service recipients agreed or strongly agreed that the Program

is meeting their needs. As mentioned earlier in this section, the Department has recently undertaken public opinion research through surveys and focus groups to gather additional information that should lead to improved levels of understanding and awareness of VAC's benefits and services.

### ***Measures of Program Success***

In order to effectively measure the success of a program, appropriate tools and measures are required to capture relevant output and outcome information. The Program has an approved performance measurement strategy in place and a significant amount of data has been collected for three years. While this data was useful for evaluating the Program, challenges remain when trying to attribute Program activities to the achievement of the three outcomes. Performance measurement needs to continue to mature and evolve to allow for more refined measures to better assess Program outcomes.

## **4.2 Demonstration of Economy and Efficiency**

VAC's 2011-2012 expenditure forecast indicated a continuing decrease for war service recipients and an increase for CAF recipients. Similar to the trend in utilization, the Program's forecasted expenditures indicate an overall declining trend. Figure 2 below depicts actual and forecasted Program expenditures from 2009-2010 to 2014-2015. From 2009-2010 to 2011-2012 expenditures for war service recipients have declined 12% to \$197 million. During the same time period, expenditures for CAF recipients rose 29% to \$66 million. Increases in CAF expenditures and decreases in war service expenditures are expected to continue in future years.

**Figure 2 – Program Expenditures, Actual and Forecasted by Recipient Type for 2009-2010 to 2014-2015**



Source: VAC Statistics Directorate

One challenge to accurately forecast expenditures is the impact of adding new benefits and services. For example, the addition of two prescription drugs to the benefit list in 2012-2013 is expected to add nearly \$10 million yearly to VAC’s prescription drug costs.

Expenditures in 2011-2012 indicated that 69% of war service recipients’ expenditures were for Prescription Drugs, Audio (Hearing) Services, and Special Equipment. For the CAF recipients, 80% of expenditures were for Prescription Drugs, Audio (Hearing) Services, and Related Health Services. These expenditures align with recipient medical conditions and utilization rates previously described in section 4.1, under achievement of the intermediate outcome. Table 5 below depicts war service and CAF Program utilization rates and expenditures for 2011-2012 for the three most used benefit groups overall.

**Table 5 – 2011-2012 Program Utilization and Expenditures for the Top Three Benefit Groups Overall**

Benefit Group	All Recipients		War Service Recipients		Canadian Armed Forces Recipients	
	Total Number Utilizing	Total Expenditures	Number utilizing	Expenditures	Number utilizing	Expenditures
Prescription Drugs	64,998	\$101,903,000	48,239	\$80,457,000	16,759	\$21,446,000
Audio (Hearing) Services	46,853	\$42,175,000	30,295	\$25,838,000	16,558	\$16,337,000
Related Health Services	32,998	\$28,254,000	22,702	\$13,001,000	10,296	\$15,253,000

Source: VAC Statistics Directorate

### Administration Costs

Administration costs to deliver the Program in 2011-2012 were approximately \$33.3 million. These costs included salary, operating and maintenance, and contract costs. Administrative costs are driven by a number of factors, including:

- program expenditures;
- recipient population;
- delivery mechanisms; and
- eligibility criteria.

Once eligibility has been established, and upon receipt of a health care card, the main administrative process operates well: recipients present their health care card to the provider and then receive the benefit or service, following which the provider submits a claim to the health claims processing contractor for reimbursement. This process applies to the delivery of over 80% of health care transactions, and is deemed efficient. When authorization from VAC is required before a benefit or service can be provided, extra steps are taken that can add to the time it takes to decide if a recipient is eligible for a benefit or service. This additional time, necessary in certain situations and avoidable in others, contributes to the administrative costs incurred by the Department.

In 2009, VAC implemented several initiatives that improved the Program and its delivery. Internal reports, along with VAC's Transformation initiative which began in 2010, were the basis for these changes. During the fieldwork for the evaluation, yet further initiatives were observed. These are expected to continue to streamline processes, improve services and reduce administrative costs. These included:

- simplifying the approval process to extend benefits and services to recipients where there is need beyond annual maximums, either dollar amounts or frequencies of treatments;
- reducing the requirement for staff to consult with health professionals by better linking approved disability conditions to benefits and services needed; and
- re-tendering the Federal Health Claims Processing System contract. The next contract is expected to further improve processing efficiency and reduce administrative costs.

Table 6 below provides an overview of some of the initiatives, expected results and observations at the time of the evaluation fieldwork (Autumn 2012).

**Table 6 – Overview of Program Initiatives, as of Autumn 2012**

Initiative	Intended Goal	Evaluation Observations
<p><b>Update list of benefits (benefit grids) and the amounts VAC will reimburse.</b></p> <p>Completed 2008-2009</p>	<p>Ensure benefits and services were meeting recipients' needs, providers were fairly compensated and recipients received timely service.</p>	<p>Initiative was successful; however, the list of benefits requires frequent monitoring and updating to ensure ongoing efficient and effective delivery. Appeals are generated when the list of benefits and corresponding rates are outdated. Appeals add to administrative costs.</p>
<p><b>Remove some requirements to obtain authorization when recipient had previously obtained same benefit or service.</b></p> <p>Completed 2011-2012</p>	<p>Quicker and easier delivery of benefits and services to recipients.</p> <p>Reduced need for VAC authorizations to providers for products/services.</p> <p>Fewer calls/faxes to authorization centres.</p>	<p>Authorization is still required for some benefits and services for some Veterans. This results in confusion for providers and recipients.</p> <p>Although annual pre-authorizations are no longer required for some benefits or services, providers continue to call to confirm that they will be paid, prior to delivering a benefit or service.</p> <p>Calls/faxes continued to be received at TAC. For example, if a provider indicated that they preferred to call/fax to get a pre-authorization to ensure payment, the Treatment Authorization Centre staff continued to encourage providers to call.</p>
<p><b>Centralize most first level health care appeals.</b></p> <p>Completed 2012-2013</p>	<p>A more efficient and consistent appeal process.</p>	<p>Acknowledged as a positive change as staff can develop levels of familiarity/expertise on appeal issues.</p>

The evaluation team researched a few similar government programs to compare with VAC's Program. The purpose of the comparison was to benchmark VAC's administrative costs to comparable programs, and to identify opportunities for improvement in the delivery of VAC's Program. Based on the information available, Health Canada's (HC) Non-insured Health Benefits Program for First Nations was the most comparable.

High-level similarities and differences between VAC's Program and HC's Program are outlined in Table 7 below. While the two programs are comparable in many respects, due to their differences, a direct comparison of delivery costs would not be appropriate.

**Table 7 – Comparison between VAC's HCBS Program and HC's Non-insured Health Benefits Program for First Nations**

Similarities	Differences
Benefits and services offered	HC has a much larger program expenditure budget (4 times that of VAC)
Model of delivery	HC has a much higher recipient population (5 times that of VAC)
Roles and responsibilities of the department	VAC has a more complex eligibility structure
Functions of the claims processing contractor	HC recently re-tendered their contract and achieved significant savings

As noted above, one area in which HC achieved significant cost savings was with the implementation of a new health claims processing contract in 2009-2010. Their contract costs were over \$10 million less in 2010-2011 than in 2009-2010<sup>22</sup>, with program expenditures in 2010-2011 of \$1.1 billion. With respect to VAC, the Department is expected to achieve administrative savings through 1) re-tendering its health claims administration contract; and 2) the benefits derived from the initiatives outlined above which are expected to lead to improved administrative processes, reduced costs, and higher quality of service to recipients.

<sup>22</sup> Non-Insured Health Benefits Program, First Nations and Inuit Branch Annual Report 2010-2011.

## 5.0 Conclusions

The Program continues to be both relevant and aligned with the priorities of the Government of Canada as well as with the Department's Strategic Outcomes. The provision of extended health care benefits is generally the responsibility of the provincial governments, and some of these benefits are also accessible through private or public health insurance plans. VAC also has a mandate to provide extended benefits to Veterans who meet specified conditions. At times, some overlap of the benefits and services offered by the Program may occur with some provinces and insurance companies. This results in the individual having up to three organizations that may provide the benefit. VAC has some measures in place to ensure the appropriate organization provides the benefit. As VAC continues to improve program delivery, these measures can be further enhanced.

While recipients are generally satisfied with the comprehensive benefits and services offered through the Program, war service recipients are more satisfied than CAF recipients. CAF recipients are now the largest eligible segment under the Program. Nevertheless, war service recipients still account for the highest program utilization and expenditures. This is mainly due to their B-line coverage, advancing age and increasing need for benefits and services. With the CAF recipients becoming a larger group, and increasingly having more complex health care needs, it is the responsibility of the Department to continually review and update the types of benefits and services provided.

The assessment of Program outcomes indicates higher achievement of Program outcomes for the war service population. War service recipients typically have greater access to benefits and services as well as higher utilization and higher self-reporting of needs met compared to CAF recipients. The evaluation was not able to determine definitive reasons for lower program utilization by CAF Veterans. There are indications that CAF Veterans are less aware of eligible benefits and services. Additionally, there is a risk that recipient expectations do not align with individual program eligibility. Performance measurement needs to continue to mature and evolve to develop more refined measures to better assess the achievement of program outcomes.

A review of recent departmental initiatives to improve Program efficiency indicates that while the Department has achieved some success, some initiatives have not yet achieved their intended goals.

## 6.0 Recommendations and Management Response(s) and Action Plan(s)

### Recommendation 1:

It is recommended that the Assistant Deputy Minister Policy, Communications and Commemoration, in conjunction with the Assistant Deputy Minister, Service Delivery, better aligns CAF applicants' and recipients' expectations with program benefits and services available by: (Essential)

- i. designing and implementing measures to collect more specific and comprehensive feedback from CAF Veterans regarding their expectations and level of awareness of the Program; and
- ii. providing clear program eligibility, specific benefit information, and process details to CAF applicants and recipients.

### Management Response:

*Management agrees there is a need for ongoing outreach to CAF members, Veterans and their families.*

*Several improvements were made to outreach tools since the evaluation period – the Veterans' Services Tool Box was revamped, the Veterans' Benefits Browser was launched and the Health Care Benefits and Services Program content on the website was updated and written in plain language.*

*The Department will continue to partner with the CAF, Veterans' organizations and other stakeholders to provide clearer information on the Health Care Benefits and Services Program. VAC will also use existing feedback mechanisms including the 'Life After Service Studies', to help measure awareness of the Health Care Benefits and Services Program.*

### Management Action Plan:

Corrective actions to be taken	OPI	Target date
Collection of targeted feedback from CAF Veterans: <ul style="list-style-type: none"> <li>• Life After Service Studies</li> </ul>	Director General, Policy	2013-14
Opportunities to provide clear information on program eligibility, specific benefits and process details: <ul style="list-style-type: none"> <li>• Deliver VAC briefings at CAF Bases and Wings as part of Second Career Assistance Network Seminars</li> <li>• Conduct Transition Interviews, as appropriate</li> <li>• Provide Web content on CAF eligibility</li> <li>• Propose a <i>Salute!</i> article on CAF eligibility</li> </ul>	Director General, Policy Director General, Field Operations, Service Delivery Director General, Communications	Winter 2013-14

**Recommendation 2:**

**It is recommended that the Assistant Deputy Minister, Service Delivery, reviews and updates the Performance Measurement Strategy to include more appropriate measures to assess program success. (Essential)**

***Management Response:***

*Management agrees with this recommendation. Work is underway to review and update the Health Care Benefits and Services Program Performance Measurement Strategy.*

**Management Action Plan:**

<b>Corrective action to be taken</b>	<b>OPI</b>	<b>Target date</b>
Revise and fully implement the Health Care Benefit and Services Program Performance Measurement Strategy to include more appropriate measures to assess program success.	Service Delivery	March 2014

## **7.0 Distribution**

Deputy Minister

Associate Deputy Minister

Chief of Staff to the Minister

Assistant Deputy Minister, Policy, Communication and Commemoration Branch

Assistant Deputy Minister, Service Delivery Branch

Assistant Deputy Minister, Human Resources and Corporate Services Branch

Executive Director and Chief Pensions Advocate

Director General, Field Operations

Director General, Communications Division

Area Directors (12)

Director General, Strategic Coordination & Liaison and Transformation

Deputy Coordinator, Access to Information & Privacy

Program Analyst, Treasury Board of Canada, Secretariat

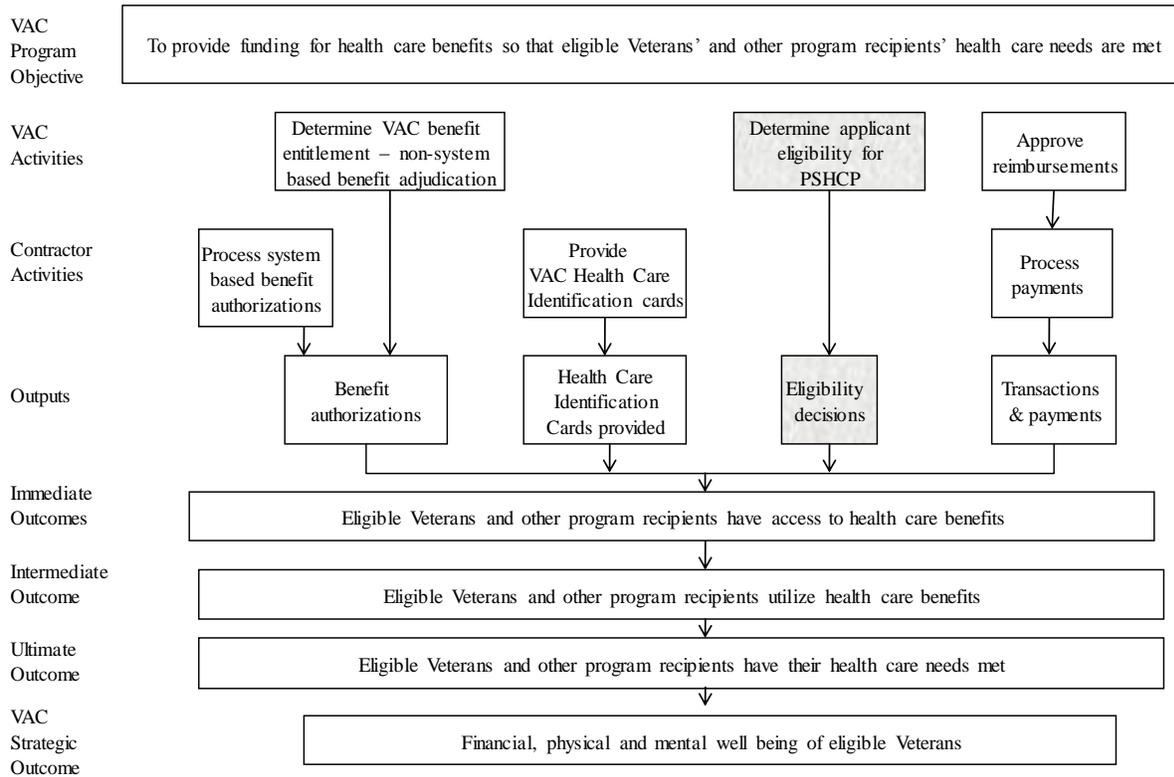
Centre of Excellence for Evaluation, Treasury Board of Canada, Secretariat

## Appendix A – Overview of Benefits and Services Groups

- 1. Aids for Daily Living** - devices and accessories designed to assist in the activities with everyday tasks, such as walking and bathroom aids. The costs of necessary repairs to this equipment are also covered.
- 2. Ambulance Services** - ambulance services required for an emergency situation or a specified medical condition.
- 3. Audio (Hearing) Services** - equipment and accessories related to hearing impairment, such as hearing aids, telephone amplifiers, infrared devices, hearing aid accessories and dispensing/fitting fees.
- 4. Dental Services** - basic dental care and some pre-authorized comprehensive dental services. Examples of eligible services and benefits are exams, fillings and dentures.
- 5. Hospital Services** - treatment services in an acute care, chronic care or rehabilitative care hospital. As these services are generally a provincial responsibility, costs for these services are normally covered by VAC only if they relate to a condition for which a client holds disability entitlement.
- 6. Medical Services** - services provided by a licensed physician for a condition for which a recipient holds disability entitlement. It also covers the cost of medical examinations, treatment or reports specifically requested by VAC. For most VAC recipients, physician services are the responsibility of the provincial health care insurance programs.
- 7. Medical Supplies** - medical and surgical equipment and supplies normally used by an individual in a non-hospital setting. Examples of eligible benefits include bandages and incontinence supplies.
- 8. Nursing Services** - services provided by a registered nurse or a qualified licensed/certified nursing assistant. Examples of eligible services include foot care, the administration of medications, application of dressings and counselling Veterans or caregivers in the use of medical supplies.
- 9. Oxygen Therapy (Respiratory Equipment)** - oxygen and accessories, including the rental or purchase of respiratory supplies and equipment.
- 10. Prescription Drugs** - drug products and other pharmaceutical benefits to those who have demonstrated a medical need and have a prescription from a health professional authorized to write a prescription in that province. Standard benefits and special authorization benefits are included in this program.
- 11. Prosthetics and Orthotics** - prostheses, orthoses, and other related accessories. Repairs to equipment are obtained under this program.
- 12. Related Health Services** - services provided by licensed health professionals. In many cases, the service must be prescribed by a physician in order to be approved by VAC. Examples of eligible services include occupational therapy, physiotherapy, and massage therapy.
- 13. Special Equipment** - special equipment required for the care and treatment for eligible recipients. Benefits must be prescribed by a doctor, and in many cases supported by the recommendation of another health professional. VAC may also provide coverage for home adaptations or modifications (i.e., wheelchair ramps, door widening) to accommodate the use of the special equipment in the home. Examples of eligible equipment include hospital beds, wheelchairs and lifts.
- 14. Vision (Eye) Care** - eye examinations, lenses, frames and accessories to correct sight impairments as well as low-vision aids.

# Appendix B – Health Care Benefits Program Logic Model<sup>23</sup>

## Health Care Benefits Program Logic Model (includes the Health Benefits Program)



<sup>23</sup> The Health Care Benefits Program Logic Model includes the Health Care Benefits and Services Program as defined in the Program Alignment Architecture.