



VETERANS HOMES OVERVIEW & MODERNIZATION UPDATE

House Appropriations: Military & Veterans Affairs



Briefing Summary

- I. Background State Veteran Home Program
- II. Michigan's State Veterans Homes: Background
- III. Michigan's State Veterans Homes: Recent Issues & Challenges
- IV. Modernization Advisory Workgroup
- V. Construction Grant Program Update

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I.

Background on the State Veterans Homes Program

State Veterans Homes Program

Definition

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State Veterans Homes are Federal-State partnerships

- Regulated by federal and state laws
- Must be owned & operated by the state
 - Owned = *State must own the building and the land*
 - Operated = *Must be at least one state employee providing oversight in each facility*
- Program oversight is provided by USDVA
 - Annual quality of care surveys performed by USDVA Medical Center inspectors for licensure

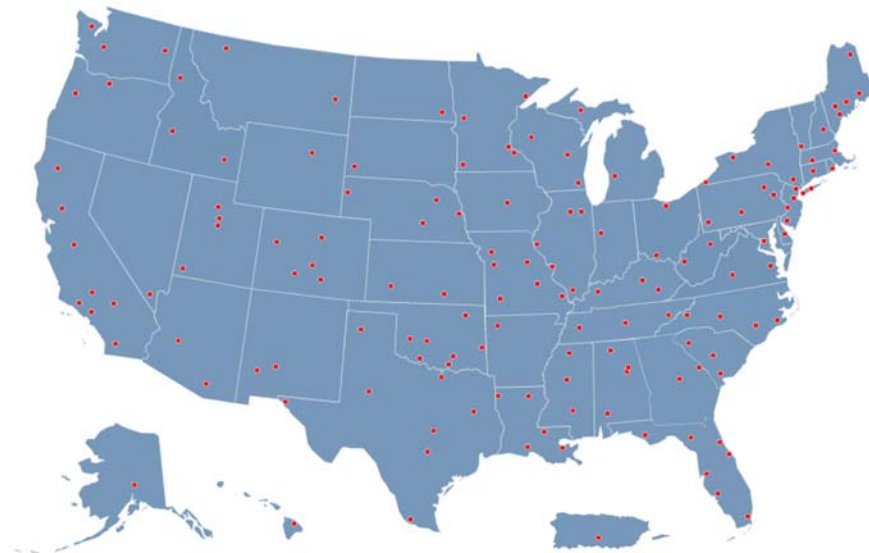
State Veterans Homes Program

Service Capacity

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State Veterans Homes represent one of the largest systems of long term care providers in the U.S.

- Over 150 state veterans homes located in all 50 states and the Commonwealth of Puerto Rico
- Over 30,000 beds for veterans and dependents in need of skilled nursing care, domiciliary care and adult day health care



State Veterans Homes Program

VA-Reimbursed Services

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Skilled nursing home care: Accommodations for individuals who are not acutely ill and not in need of hospital care, but who require nursing care and related medical services.

** Most common service provided*

Domiciliary care: Shelter, food, and necessary medical care on a self-care basis to assist veterans who have a medical diagnosis that prevents the veteran from earning a living. Originally intended to serve as transitional housing.

** Commonly provided, but declining in popularity due to changes in VA-funded housing assistance*

Adult day health care (ADHC): Support for individuals who are unable to fully function independently but who do not need full-time nursing care. It is generally provided in a group environment, and is coordinated with health and social services designed to prevent, postpone, or reduce the need for institutional placement.

** Newest and least common service provided, but growing in areas where demand exists.*

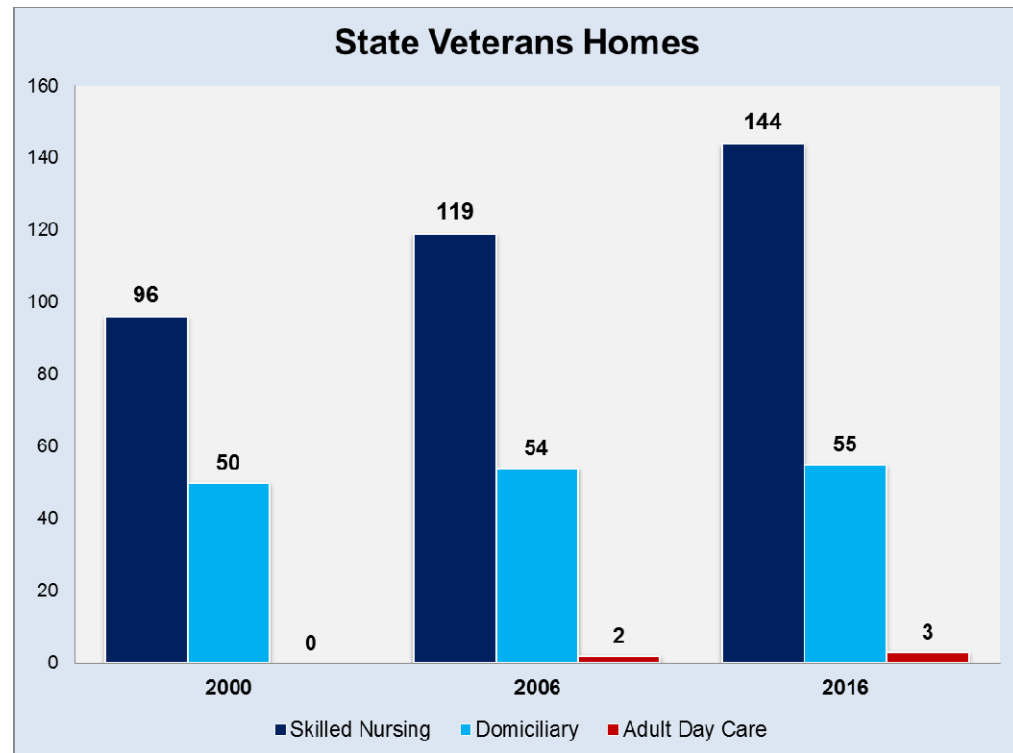
State Veterans Homes Program

Recent Developments & Trends

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Since 1998, VA has increased its support of and reliance on state veterans' nursing homes.

- Significant increase in the number of state veterans homes and available bed space due, in part, to the **availability of VA construction grants** and **increases in the per diem reimbursement rates** for SVHs



State Veterans Homes Program

Current Funding & Funding History

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State veterans homes are eligible to receive “per diem” reimbursement that – unlike many other long-term care options - the VA pays towards the care of *all* veterans *indefinitely*.

The amount paid towards cost of care is determined by a veteran’s priority rating:

Full Daily Per Diem
GRHV: \$374.96
DJJHV: \$361.95

- Veteran who has a **combined service connected disability rating of 70% of more**
- Veteran who has a **service-connected disability** that has been clinically determined to **require nursing home care**(regardless of SCD rating)

Basic Daily Per Diem
Both Homes: \$102.38

- All other honorably discharged veterans

* 2016 Reimbursement Per Diem Rates

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II.

Michigan's State Veterans Homes: Background

History of Michigan's State Veterans Homes

Grand Rapids Home for Veterans

Grand Rapids Home for Veterans: Highlights	
First Opened In	1886
Facilities & Land	<ul style="list-style-type: none">- 90 acres of land- 3 main buildings- 19 additional outbuildings- 5,000 grave cemetery on 11.5 acres
Census	<i>Current Census:</i> <ul style="list-style-type: none">- 320 skilled nursing- 35 domiciliary

History of Michigan's State Veterans Homes

D.J. Jacobetti Home for Veterans

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DJ Jacobetti Home for Veterans: Highlights

First Opened In	<ul style="list-style-type: none">- Current building constructed in 1954- Opened as SVH in 1981- 50-bed addition in 1988
Facilities & Land	<ul style="list-style-type: none">- 1 four-story building, located on one city block- Limited outdoor recreation space/parking
Census	<p><i>Current Census:</i></p> <ul style="list-style-type: none">- 174 skilled nursing- 6 domiciliary

Michigan's State Veterans Homes

Breakdown of Funding

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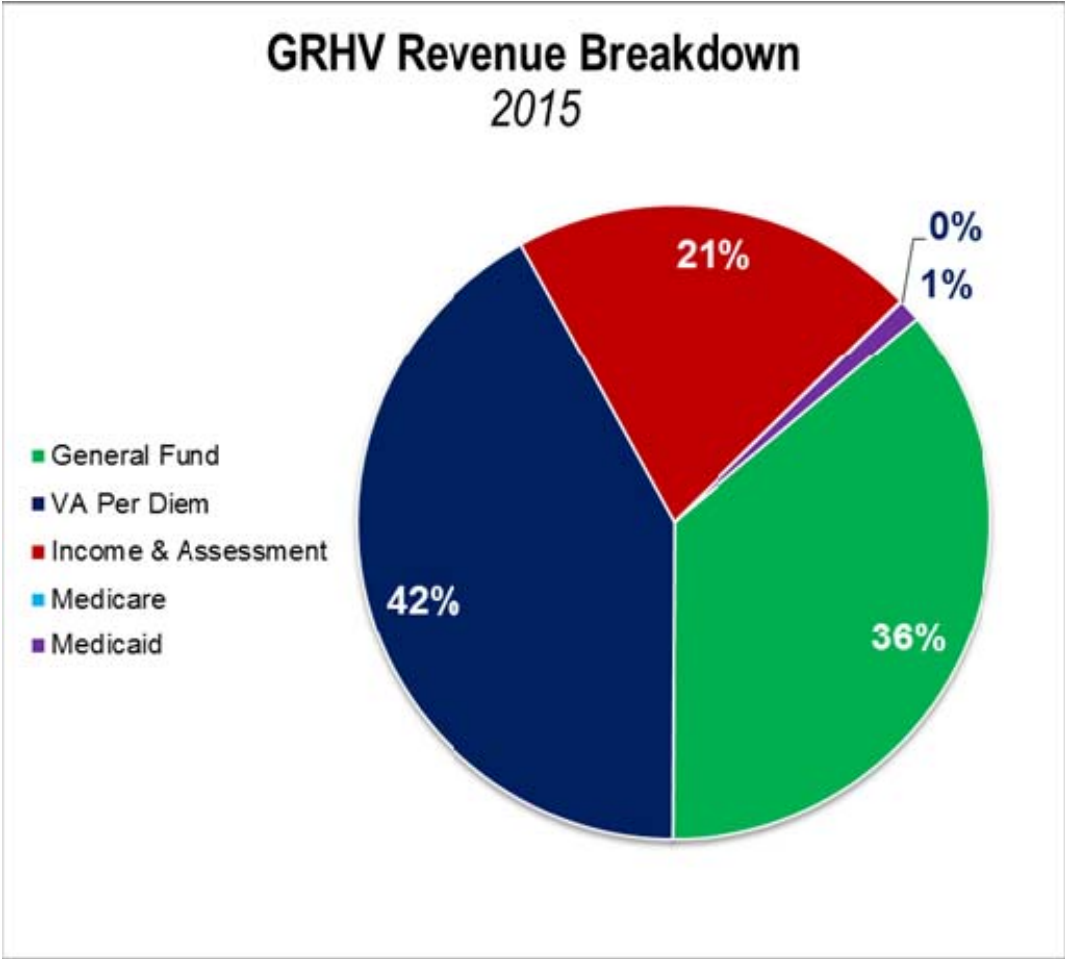
Current Sources of Revenue

- **VA Per Diem (federal funding):** VA payments provided to State Veterans Homes to help cover the cost of care for veterans living in the Homes.
- **General Fund (state funding):** Annual appropriation from Michigan's General Fund to help cover the cost of operating the Homes.
- **Income & Assessment (private pay funding):** Collections from veterans or family to help cover the cost of care for residents living in the Homes.

Note: The Homes also receive federal Medicare & Medicaid revenue, although this currently accounts for only 1-2% of annual revenue.

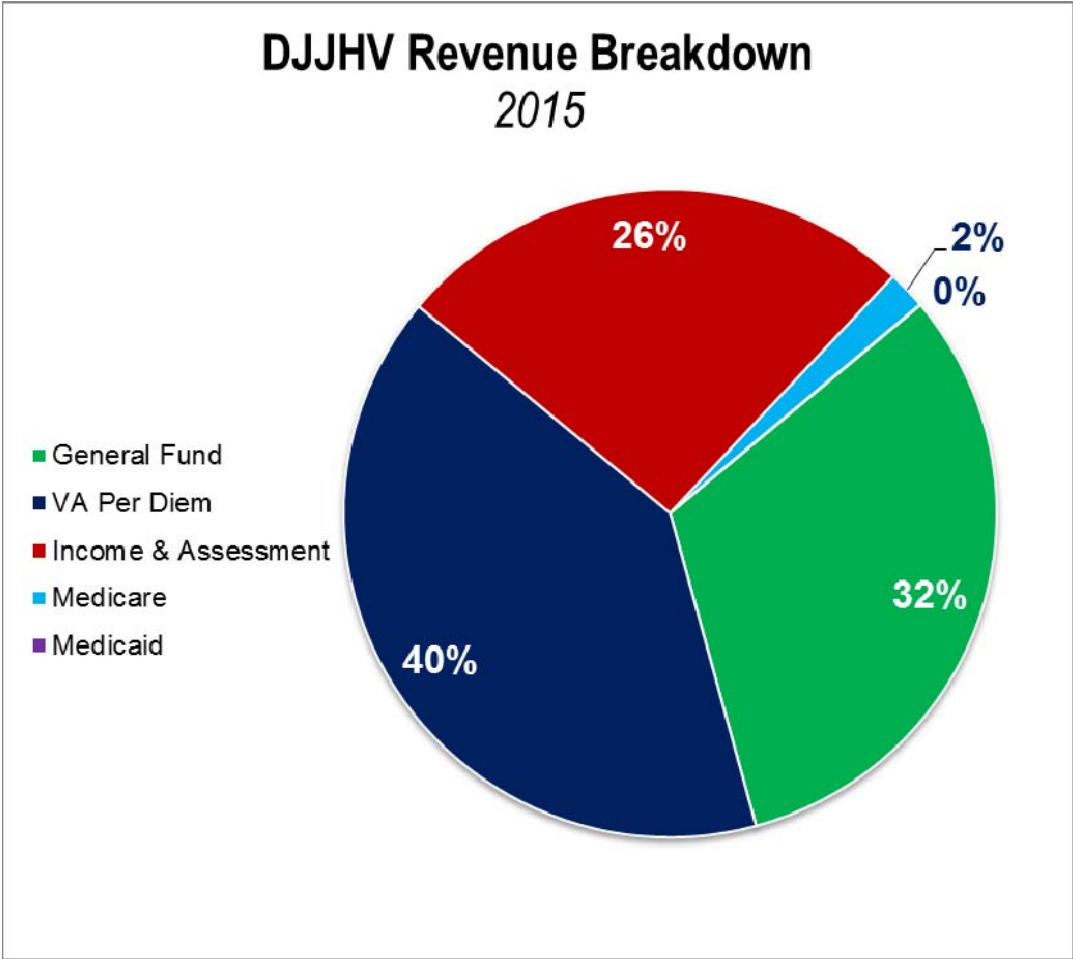
Michigan's State Veterans Homes

Breakdown of Funding



Michigan's State Veterans Homes

Breakdown of Funding



Michigan's State Veterans Homes

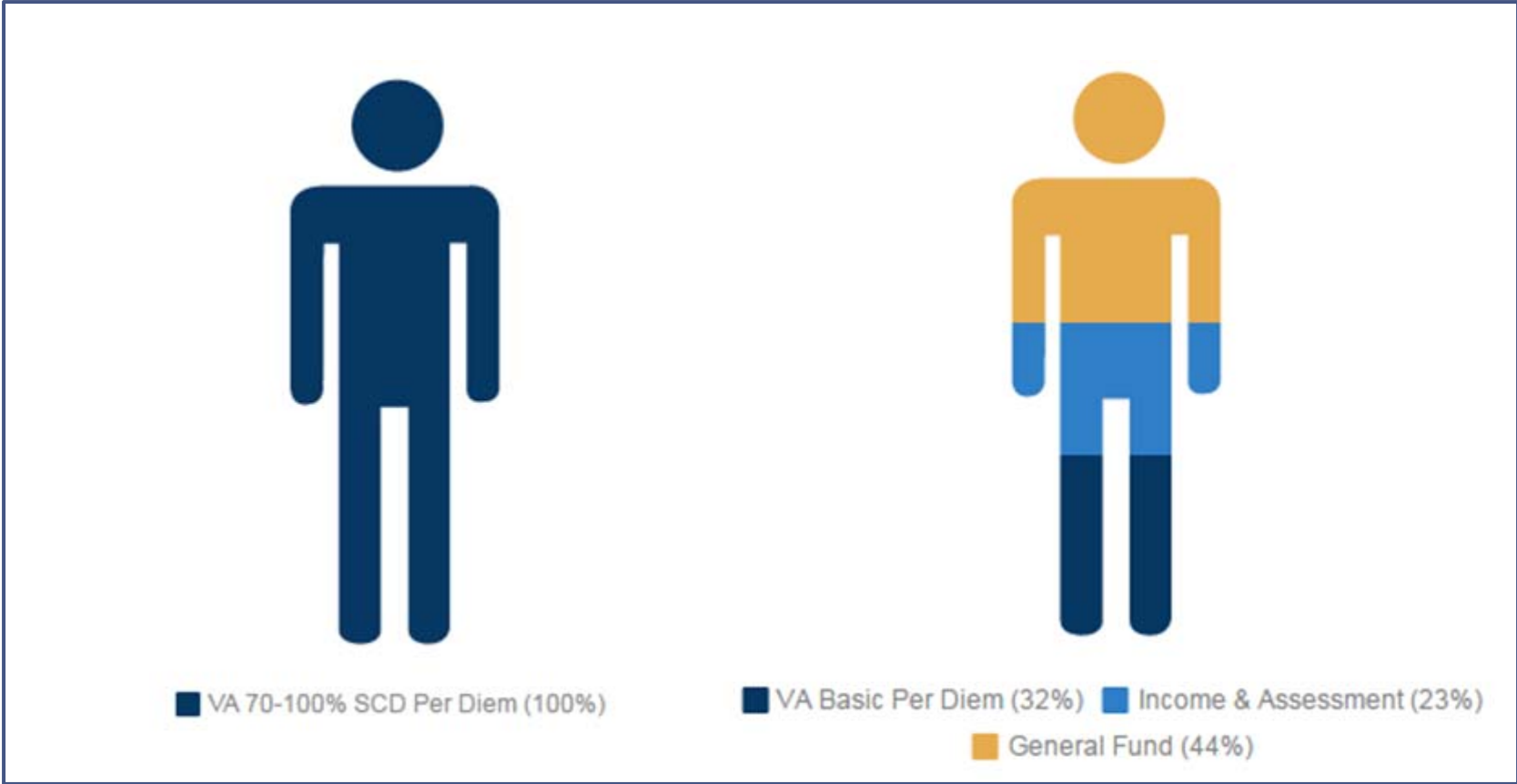
Breakdown of Funding

	VA Per Diem	Income & Assessment	General Fund
70-100% SCD Veteran	\$366.17 - \$374.96 per day	—	—
Veteran	\$103.61 per day	\$0 - \$140 per day	\$76.39 - \$ 216.39 per day

* 2016 Reimbursement Per Diem Rates

Michigan's State Veterans Homes

Breakdown of Funding



* Current average breakdown for GRHV veterans

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III.

Michigan's State Veterans Homes: Recent Issues & Challenges

Michigan's State Veterans Homes

Issues and Concerns in Recent Years

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Rising Healthcare Costs

Changing Demographics

Aging Infrastructure

Michigan's State Veterans Homes

Rising Healthcare Costs

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Healthcare costs have been and will continue to rise in the long-term care industry.

- Genworth's 2016 Cost of Care Survey indicates that nursing home care will continue to rise at a 5-year annual growth of between 3% (semi-private room) to 5% (private room)

	2016	2026	2031
Grand Rapids			
Semi-Private Room	\$ 99,645	\$ 133,915	\$ 155,244
Private Room	\$ 110,595	\$ 148,630	\$ 172,303
Detroit Area			
Semi-Private Room	\$ 89,790	\$ 120,670	\$ 139,890
Private Room	\$ 94,900	\$ 127,538	\$ 147,851
State Median			
Semi-Private Room	\$ 91,250	\$ 122,632	\$ 142,165
Private Room	\$ 98,185	\$ 131,952	\$ 152,969

Michigan's State Veterans Homes

Rising Healthcare Costs

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Skill Nursing Private Room
Annual Cost 2016
Grand Rapids

Michigan's State Veterans Homes

Rising Healthcare Costs

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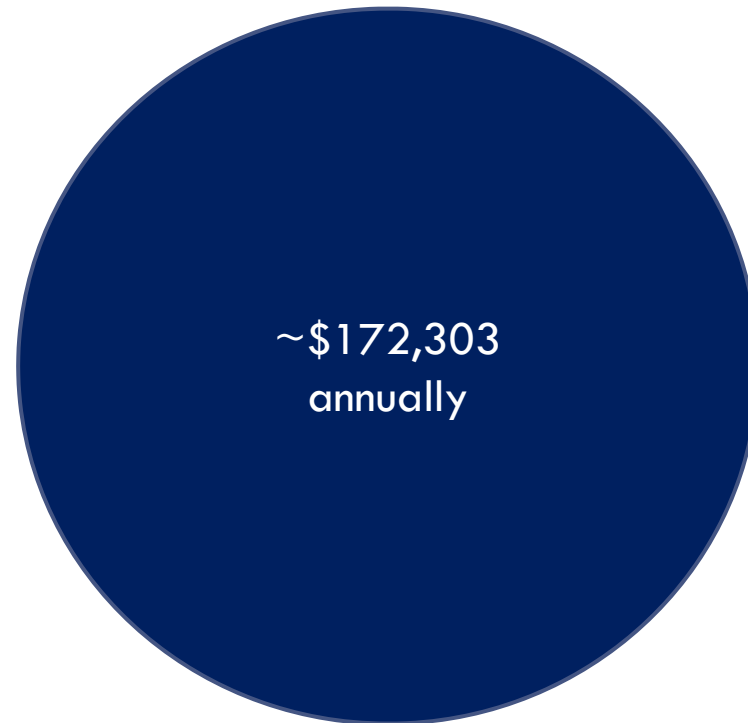


Skill Nursing Private Room
Annual Cost 2026
Grand Rapids

Michigan's State Veterans Homes

Rising Healthcare Costs

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Skill Nursing Private Room
Annual Cost 2031
Grand Rapids

Michigan's State Veterans Homes

Changing Demographics

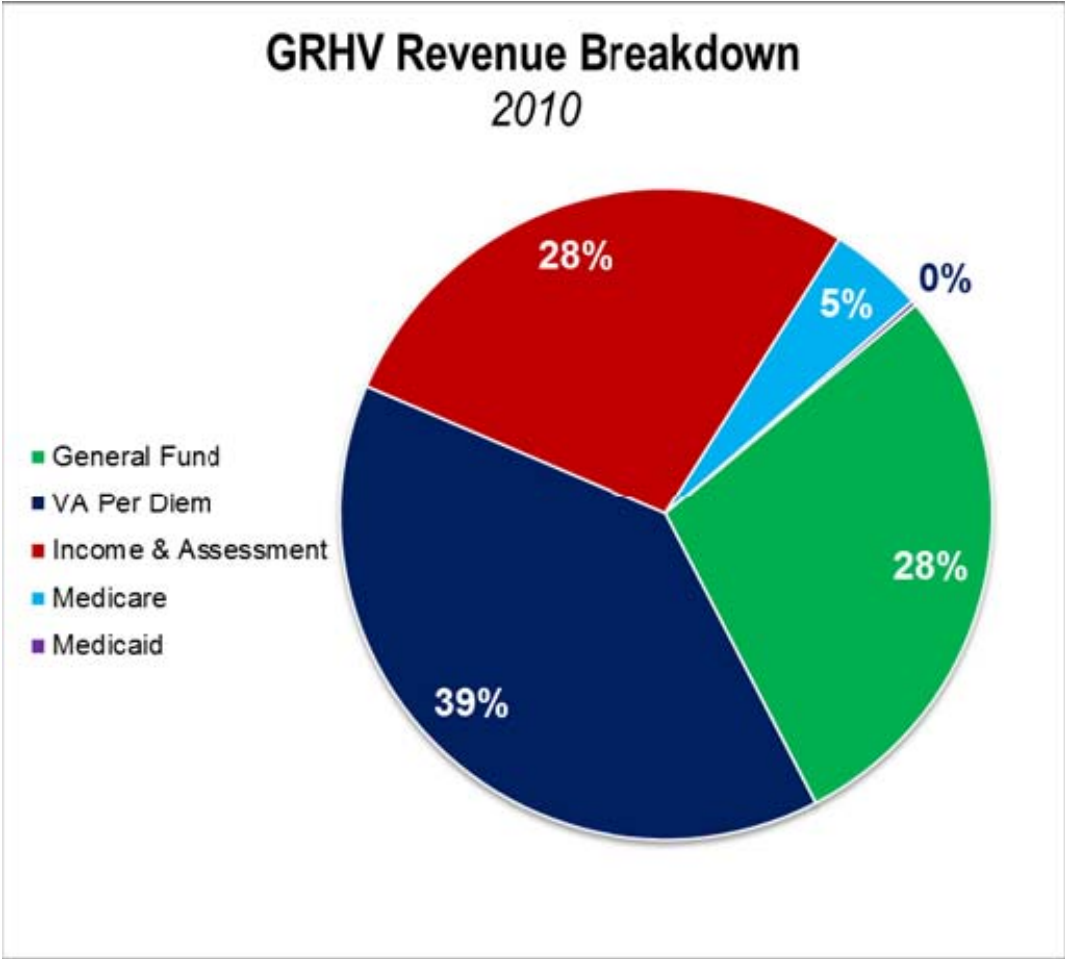
Both Homes have seen a decrease in Income and Assessment revenue.

- Members ability to pay for cost of care not covered by the VA per diem appears to be decreasing
- As I&A decreases, VA per diem funding and General Fund revenue must make up that difference

Note: *In State Veterans Homes that are CMS-certified, this issue has less impact on the need for additional General Fund revenue, because the SVH is able to collect additional federal CMS funding for low-income veterans*

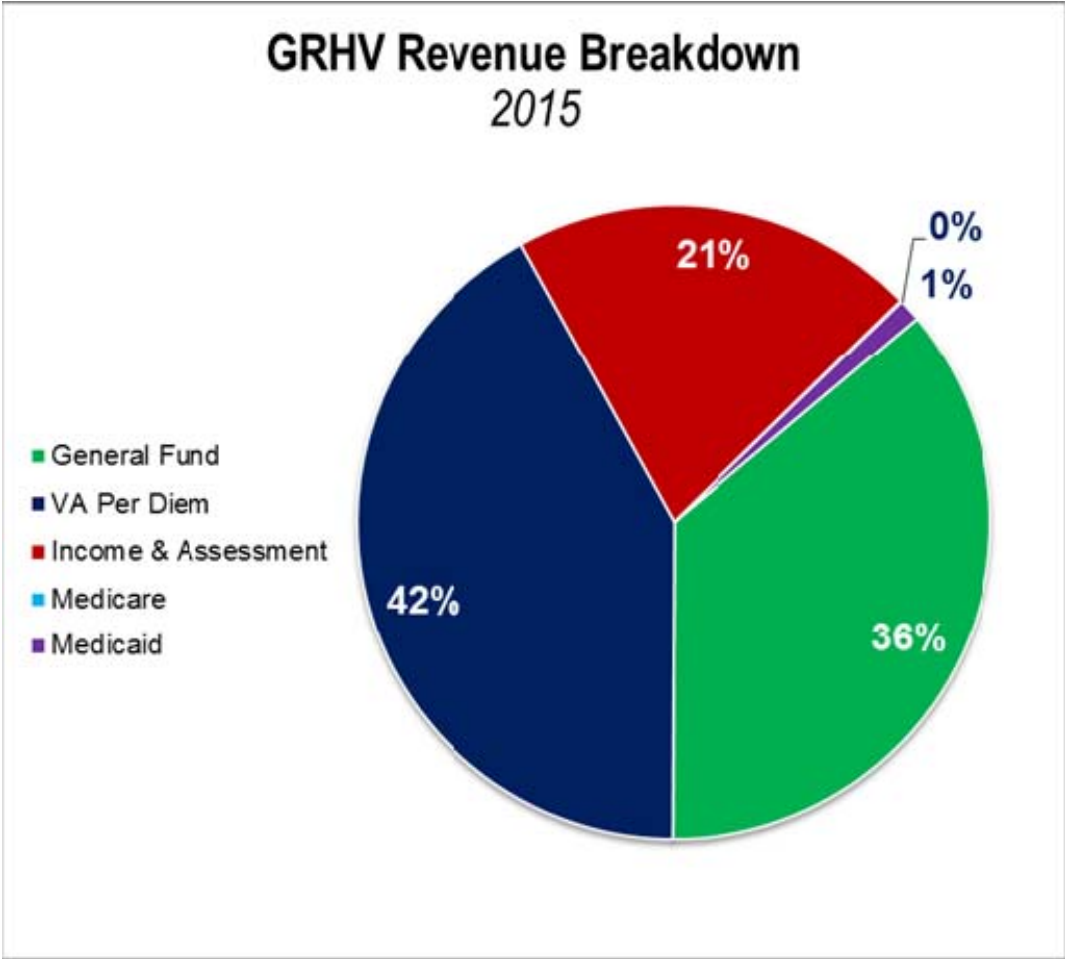
Michigan's State Veterans Homes

Changing Demographics



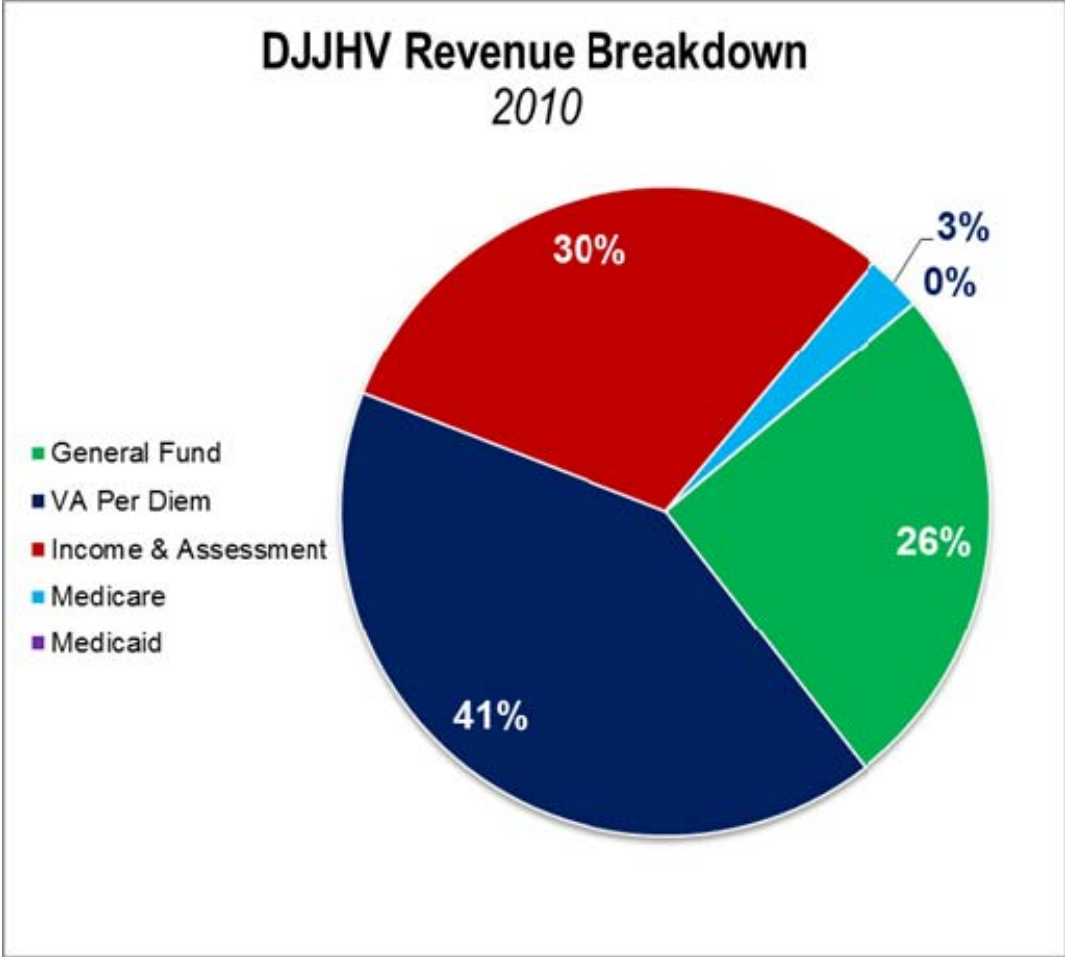
Michigan's State Veterans Homes

Changing Demographics



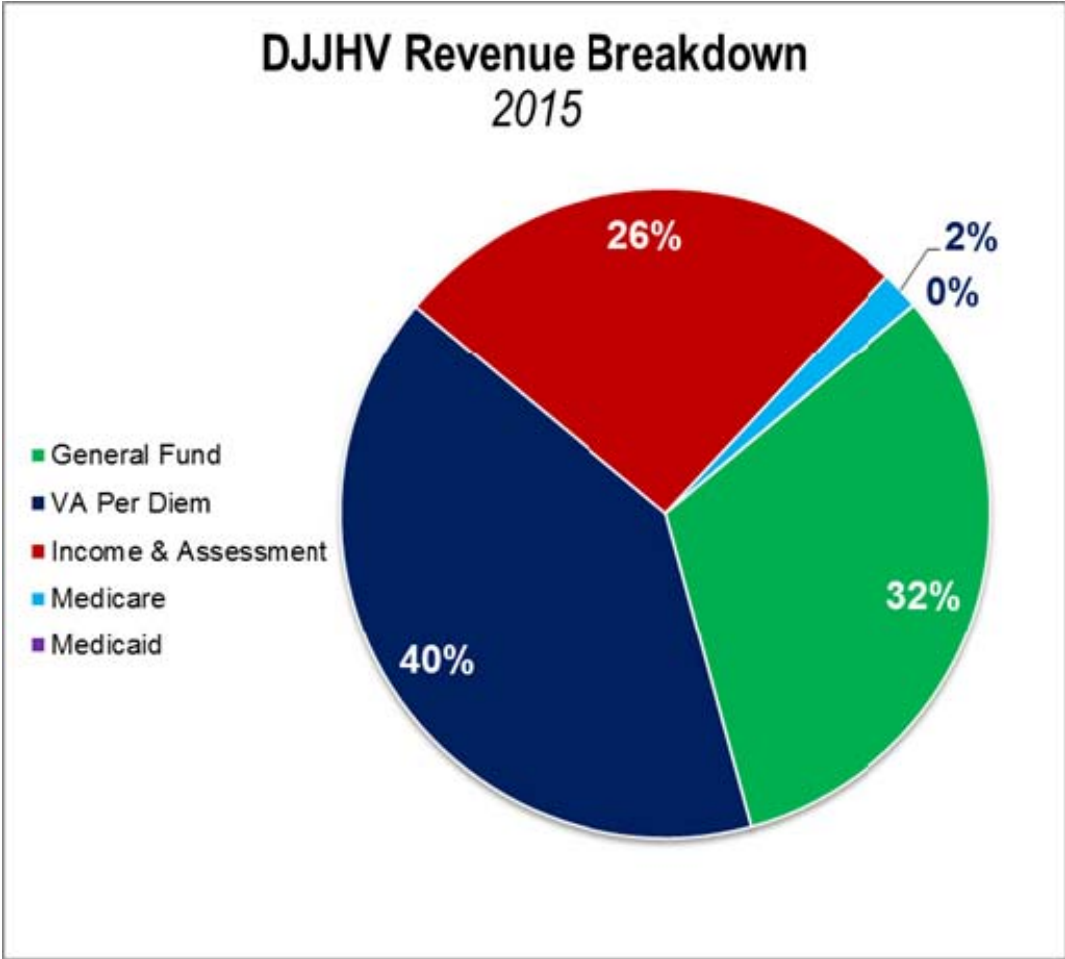
Michigan's State Veterans Homes

Changing Demographics



Michigan's State Veterans Homes

Changing Demographics



Michigan's State Veterans Homes

Facilities Challenges

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- Prior to the last several years investment in the infrastructure updates and improvements was minimal, causing operating and efficiency challenges
- Medical model facilities and service provision are not in sync with LTC industry best practice and consumer expectations
- Multi-story facilities present staffing challenges and inefficiencies

Michigan's State Veterans Homes

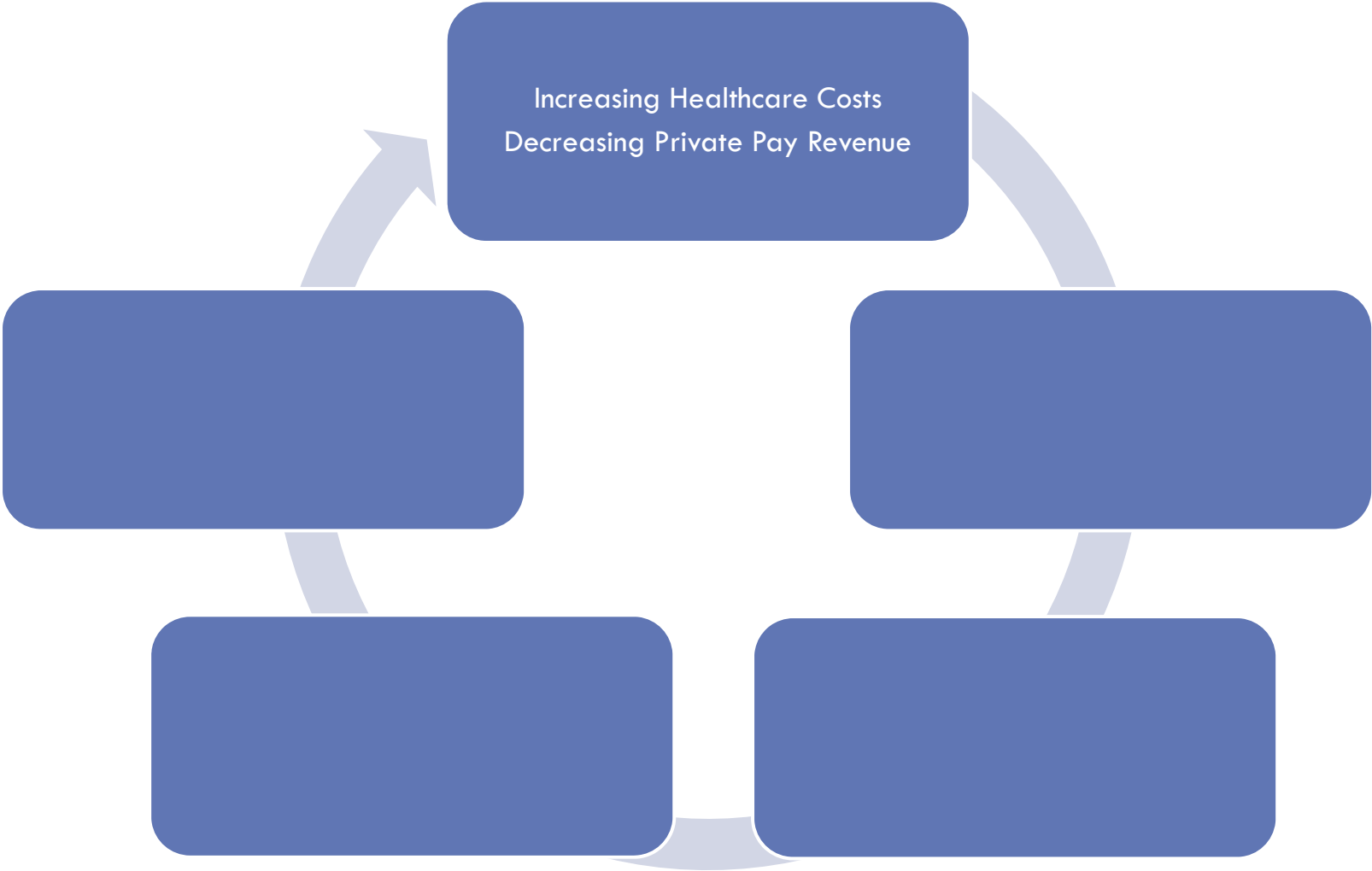
Self-Perpetuating Cycle

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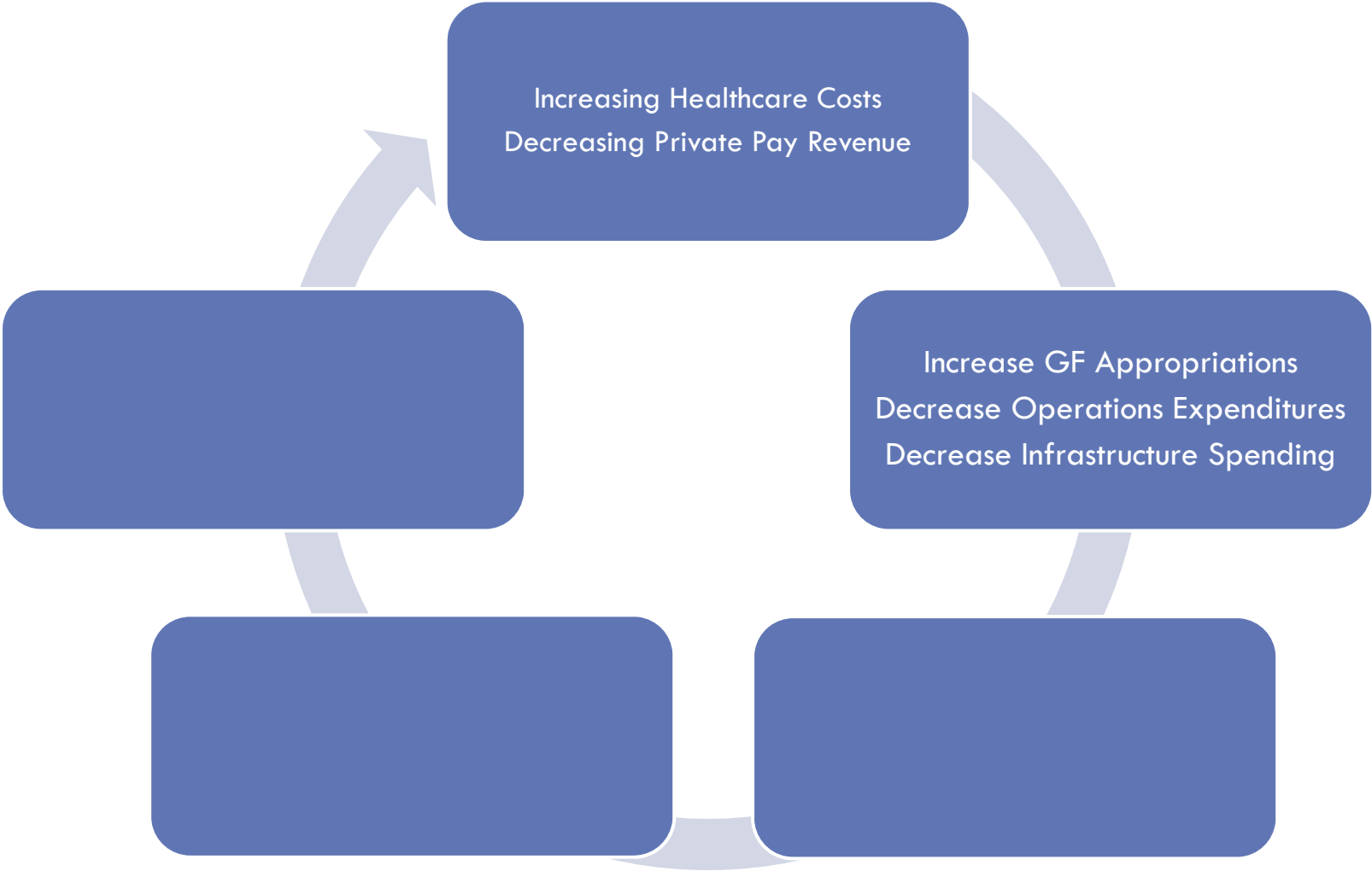


Michigan's State Veterans Homes

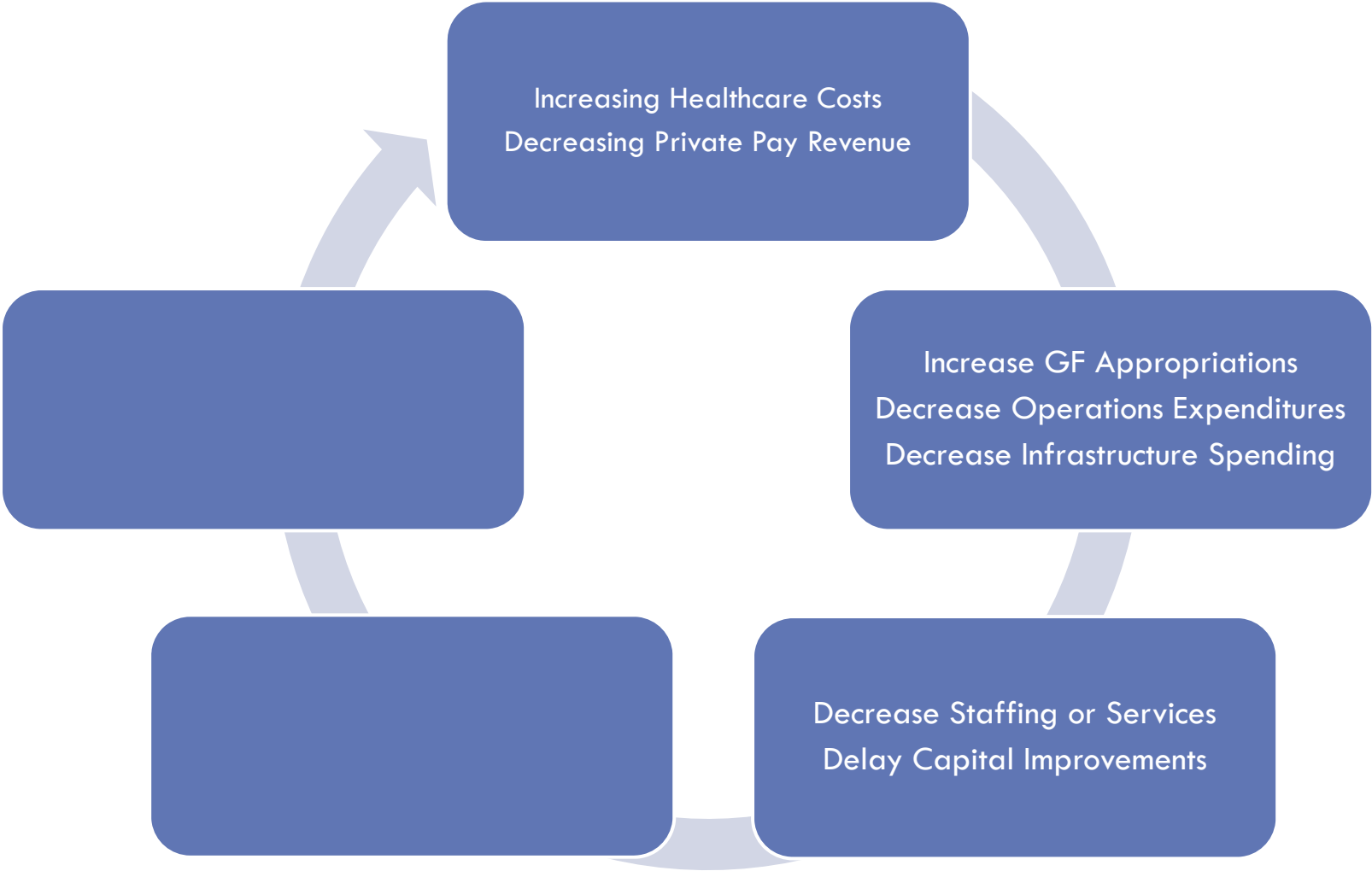
Self-Perpetuating Cycle



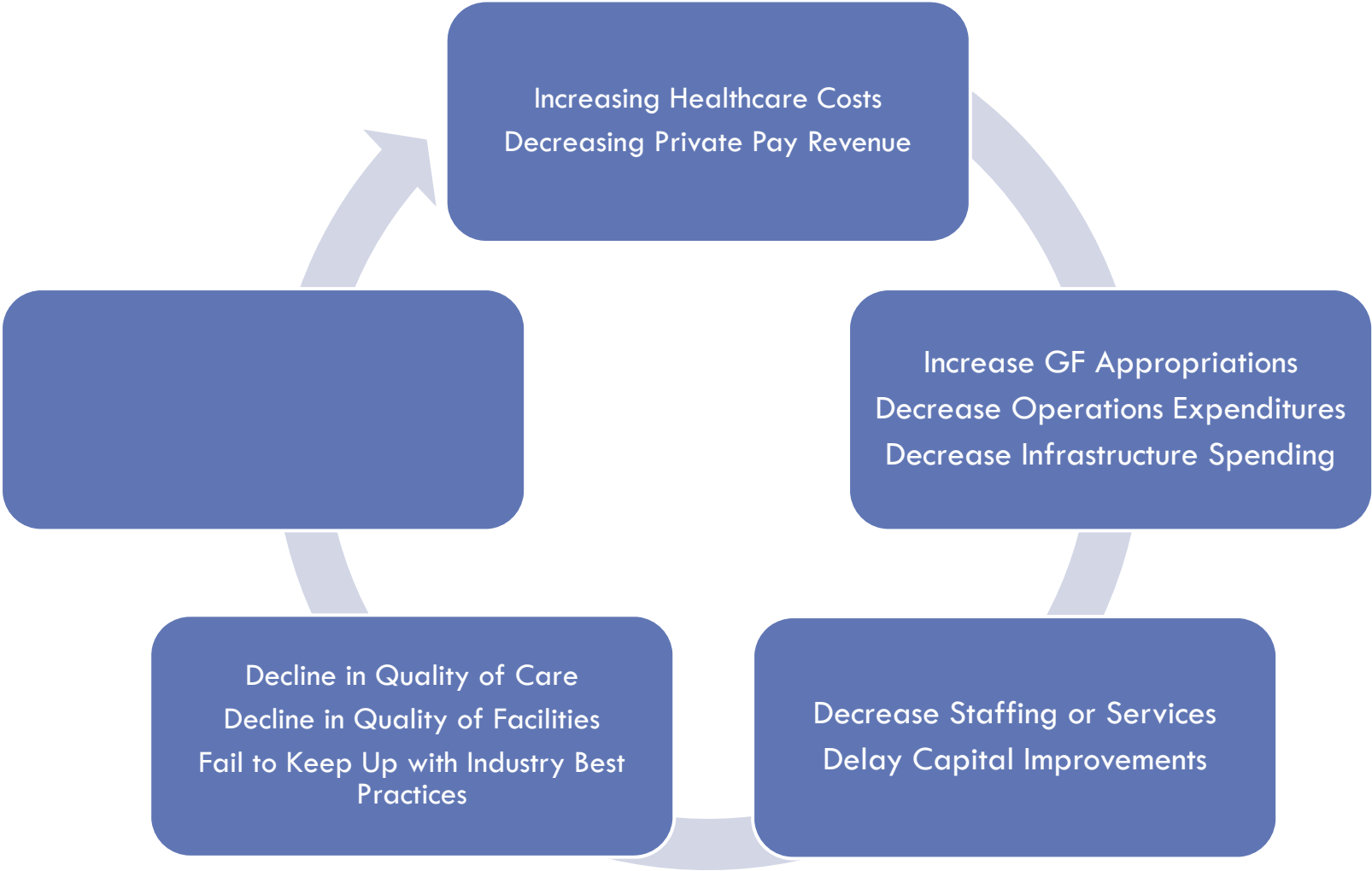
Michigan's State Veterans Homes Self-Perpetuating Cycle



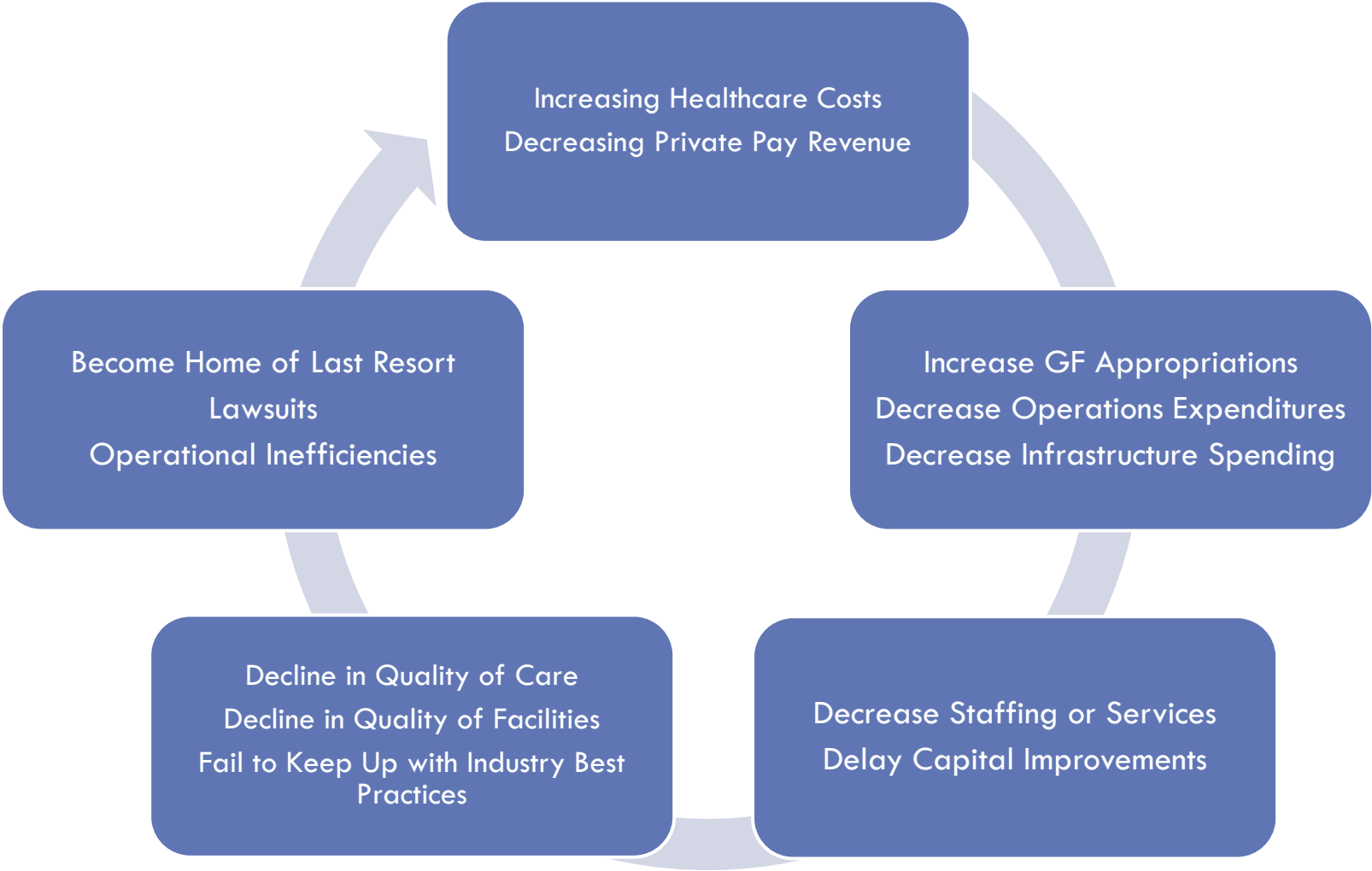
Michigan's State Veterans Homes Self-Perpetuating Cycle



Michigan's State Veterans Homes Self-Perpetuating Cycle



Michigan's State Veterans Homes Self-Perpetuating Cycle



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IV.

Audits

Audits

2015 – Present

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GRHV:

- LARA (informational survey) – November 2015
- OAG - Aug 2015 - Feb 2016 (Survey covered period 2 years prior to Aug, 31 2015)
- VA Survey – April 2016 (23 citations)
- OAIS (Office of Internal Audit Services) – May 2016 – September 2016
- VA Survey – November 2016 (3 citations)
- VA Survey April 2017 (forthcoming)

DJJHV:

- OAG - February 2016 (report released in Aug 2016; covered 2 year period prior to April 30, 2016)
- VA Survey – April 2016 (0 citations)
- DTMB - Security Review July 2016
- VA Survey - April 2017 (forthcoming)

MVAA:

- OAG March 2017
- DTMB – Physical Security Survey March 2017

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V.

Modernization Advisory Workgroup

Modernization Advisory Workgroup

Background & Purpose

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Starting in June 2016, a 15-member workgroup that included industry professionals, veteran advocates and legislators met to develop and made recommendations regarding a long-term plan for Michigan's State Veterans Homes.

The workgroup shared its report, including specific recommendations regarding how Michigan could modernize health care provision in its Veterans Homes, with the Executive Officer and Legislature in the Fall of 2016.

Modernization Advisory Workgroup

Recommendations

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Their recommendations included the following:

- Creation of an authority-based governance model
- New construction of smaller facilities in population centers across Michigan, starting with a replacement of the existing Grand Rapids facility and a new facility to Southeast Michigan

Veterans Home Authority

Background

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A workgroup studying how the state can improve long-term care for veterans recommended that an authority take over new construction and operations of state veteran homes. Some of the benefits of this new governance model included:

- Ability to issue bonds to finance future homes
- Ability to accept major donations
- Greater flexibility in procurement
- Increased partnership opportunities

Veterans Home Authority

Status

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Bills were introduced in the Legislature and passed with bipartisan support in December and signed by the Governor.

The Governor's office is currently seeking applicants to serve on the Michigan Veteran Facility Authority, which will oversee the construction, maintenance, staffing and service delivery of future state veterans homes.

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VI.

State Homes Construction Grant Program Application Update

Background

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The State Veterans Home Construction Grant Program (SHCGP) was authorized on August 19, 1964 through Title 38 USC Section 8131-8138 and regulated by
Title 38 CFR Part 59.

The USDVA provides federal assistance to states by
funding up to 65 percent of the cost of construction and
renovation of state veterans homes.

Prioritization for Funding

All projects are assigned a ranking based on the following:

- **Specific criteria outlined in 38 CFR Part 59**
- **Application date**
- **Certified state matching funds (35%)**

The above are used to develop an annual fiscal year priority list that is used as the basis for awarding grants during that fiscal year.

Application for Funding

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Initial Application for
New Projects
• *April 2017*

Initial Application for Funding

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In order to be considered for funding in the coming fiscal year a state must submit an initial application by April 15th, including required supplemental materials. This includes:

- **Estimated project cost**
- **Needs assessment**
- **Schematics (~10%)**
- **Space program analysis**
- **Five-year capital outlay plan for entire state home program**
- **Financial plan for first three**

Initial Application for Funding

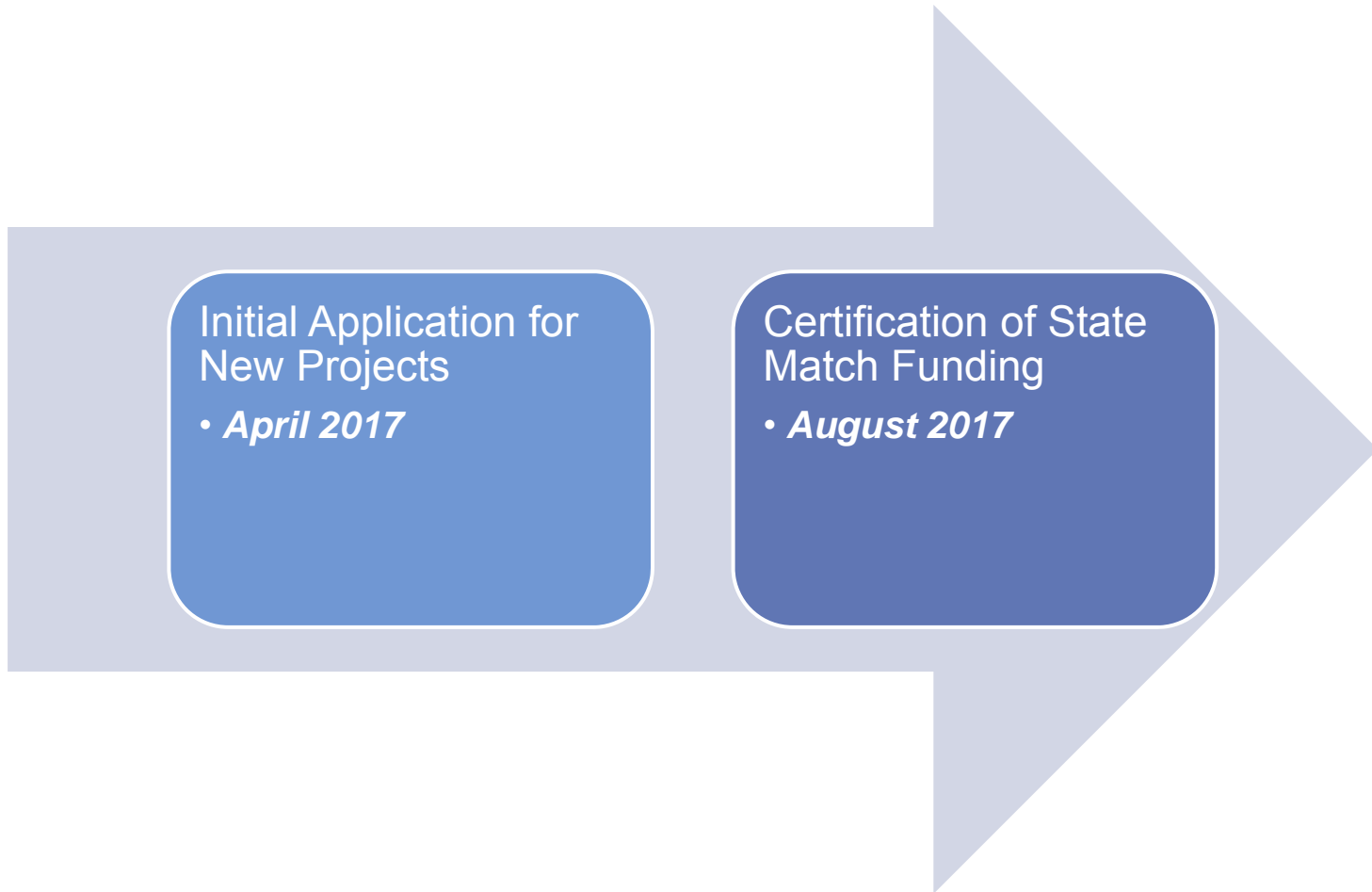
Status as of Mid-March 2017

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- Estimated project cost **Submitted**
- Needs assessment **50% Complete**
- Schematics (~10%) **Submitted**
- Space program analysis
- Five-year capital outlay plan **Submitted**
- Financial plan for first three

Certification of State Matching Funds

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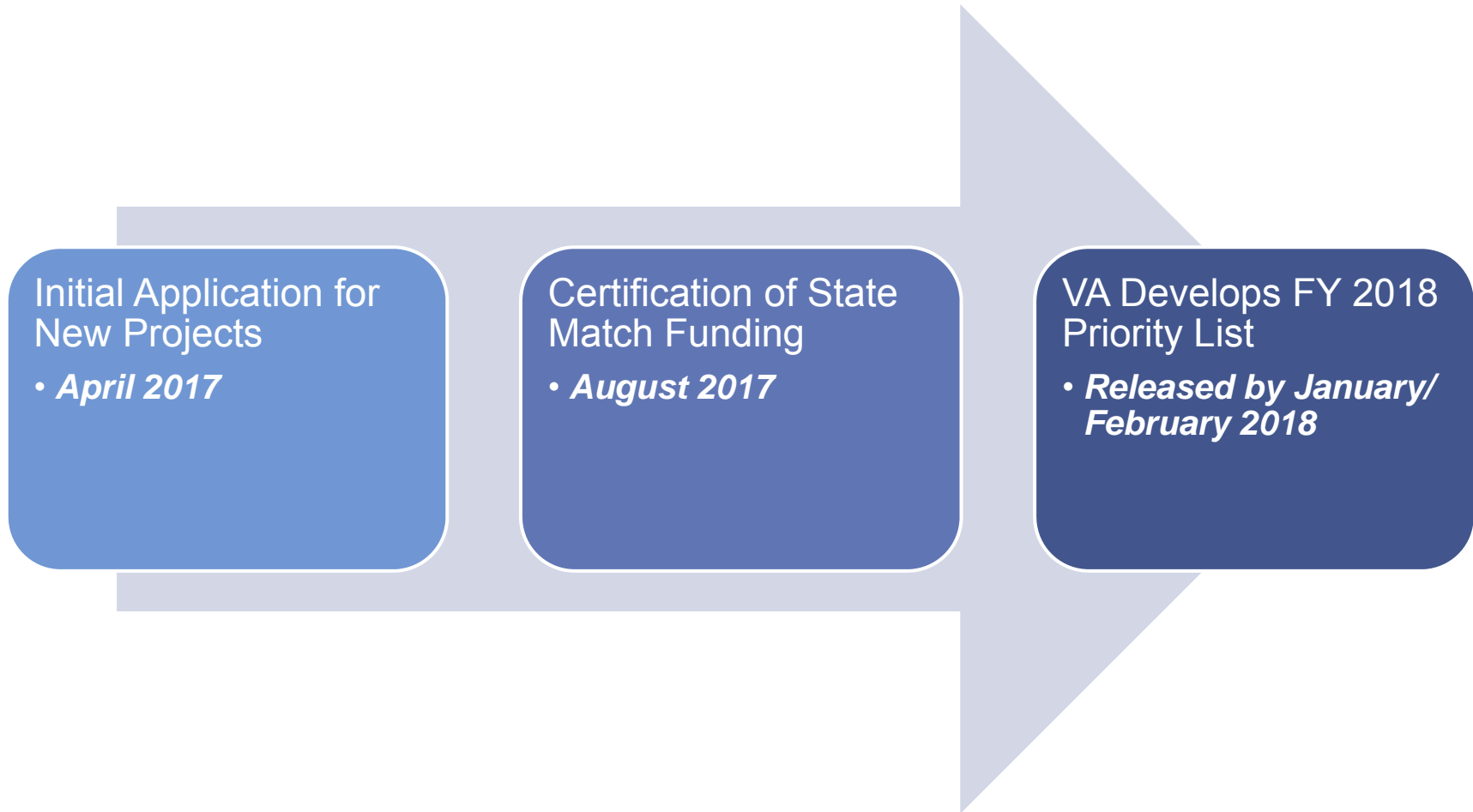
Certification of State Matching Funds

Certification of state matching funds is due to the VA no later than **August 1st**. States must submit VA form 10-0388-6 to certify funds with a copy of legislation or operating budget.

Status: Funds have been appropriated and Agency is working with SBA to submit required paperwork.

Development of VA Priority List

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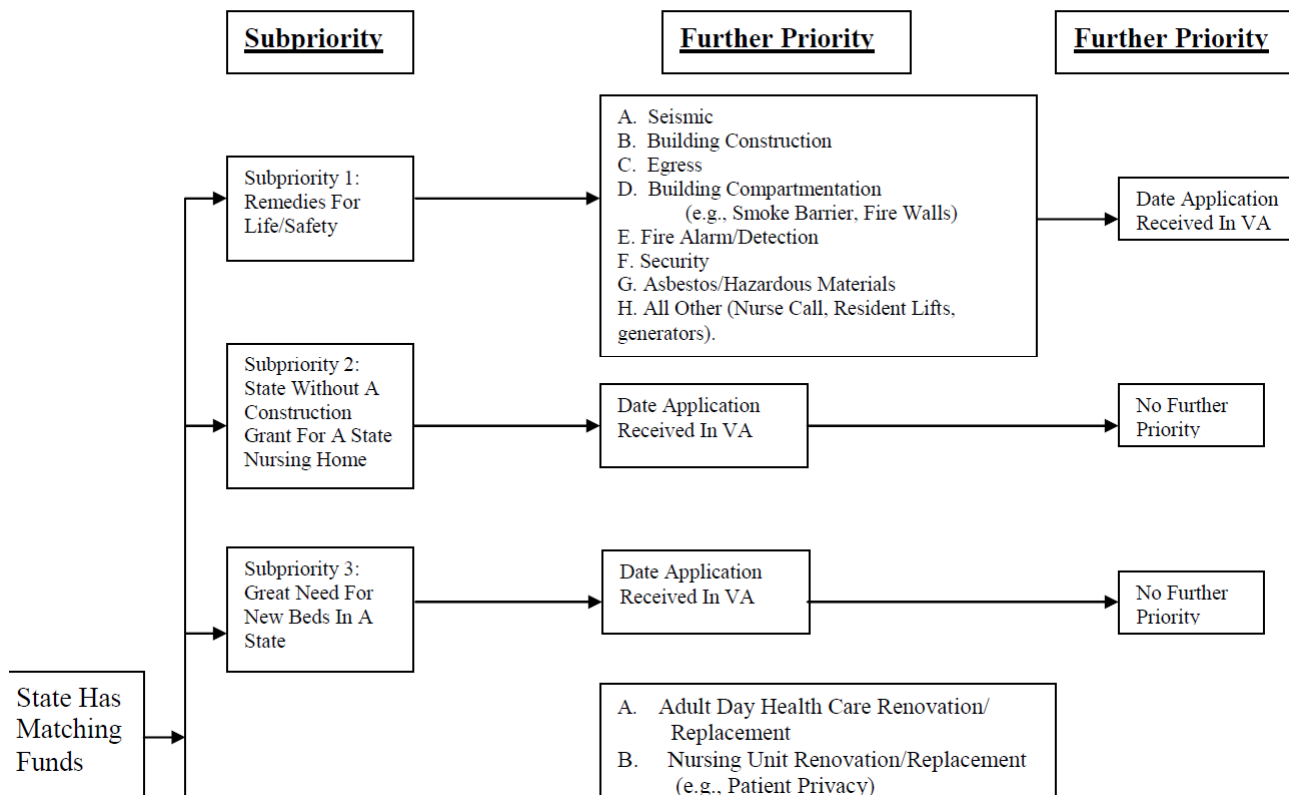


Development of VA Priority List

After confirming the projects that have secured state matching funds (August 1), the VA develops a priority list for the coming fiscal year. State projects that rank sufficiently high on the VA priority list to receive funds in the coming fiscal year are notified, usually between December and February.

Development of VA Priority List

Prioritization for Priority Group 1



Final Grant Award Process

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Final Grant Award Process

In order to receive a final grant award, states must complete the remaining grant application requirements by June 15th. This includes:

- **Environmental surveys**
- **Final drawings and specifications (Phase 500)**
- **Bid results**
- **Final project budget (updated Form 424c)**
- **Reasonable assurance of title**