



STATE OF VERMONT
GENERAL ASSEMBLY
HOUSE COMMITTEE ON GENERAL,
HOUSING AND MILITARY AFFAIRS

MEMORANDUM

Date: March 13, 2015
To: House Committee on Appropriations
Re: GHMA Committee Perspective on VT Veterans Home Budget

Over the past several weeks we have reviewed the funding history of the Vermont Veterans' Home (VVH), the current funding request, multiple reports and had conversations with administrators, employees, veterans and their families. Entering into this process there were five options identified:

1. Fund the FY16 VVH as requested
2. Partially fund the FY16 VVH request
3. Deny the FY16 VVH funding request
4. Privatize the VVH
5. Close the VVH

In 1999 Gov. Dean committed State funds to pick up 25% of the VVH budget. In 2002-2007, VVH received support from the general fund and from 2008-2013 global commitment funds helped to close that 25% gap. Since then the VVH has requested funding from the general fund to close that gap. It is important to note that Melissa Jackson, VVH CEO, and her staff have calculated that regardless of bed count and patient census the VVH will have a 25% gap in funding that will need to be addressed.

A contributing fact to the recent decision by the Trustees to decrease the beds at the VVH was to lower the bed tax. Charging the VVH a bed tax may be an issue that the General Assembly will want to review, given it is money paid back to the State. In FY16, the bed tax is estimated to be \$639,575.00.

The administration identified a limited ability to reduce cost for several reasons during their budget presentation. It was reported that the current funding request has "no fluff" particularly given the 34% increase in workers comp. (~\$230,000.00). Cuts or level funding would have a significant impact on direct care staff and, in turn, would impact regulatory requirements for the VVH.

Looking at privatization, Col. Joe Krawczyk, Retired, Trustees Chair, Stated that it is not a simple process and there would be cost to the State. That decision would be made by the Trustees and arranged through the State contracting office. Funding and time would be two crucial resources to this option. The process could easily take 12-18 months. This includes securing a consultant to develop the RFP and for the Trustees to execute due diligence in securing the transition and take-over of VVH. Concerns from administration and staff in regard to privatization focused on the impact on the level of care for the residents due to less or no support from management for patient advocacy by staff as an “at will” employer. Projections were also made regarding the impact on the quality and stability of staff due to cuts in salaries and benefits when dealing with a for-profit agency and VSEA’s absence.

There are many factors that need to be considered when looking at the option to close the VVH. It is important to note that while the VVH is subject to the regulations of the AHS as a licensed nursing home, only the Trustees, not the State, may “cease or change the operations” of the VVH. There are three options for the State to gain greater authority in this area.

- The General Assembly may approve statutory changes giving greater authority to the State over the VVH.
- The nursing home license could be revoked or not renewed by the AHS.
- If a person or party of interest claimed the VVH has been abandoned, the Governor has the authority to cease operation. In this case, the Trustees would have to reimburse the State for improvements made to the property. If the Trustees are unable to do this, the land and buildings would pass to the State of Vermont. In turn, the property must be used “for such benevolent and charitable uses as the legislature may direct.”

Should the VVH close, the State of Vermont will owe the VA/Federal Government approximately \$11,000,000 due to the 20 year recoupment obligation. In addition, 196 jobs will be eliminated in a region of our State that has already lost significant employment opportunities with regional industry shut downs in the past few years. The economic impact to the region has been estimated by sources to range from \$11,000,000 to \$36,000,000.

Should the VVH close, there are issues that will impact the quality of life for our veterans in residence and an additional cost factor for the State. Three fourths of the current residents at the VVH are on Medicaid. Living in a designated Veterans Home, each veteran receives \$102.00 per-diem to alleviate cost to Medicaid from the VA. Placement outside of a designated Veterans home forfeits this per-diem; this gap would need to be absorbed by the State. Many of the residents are living with dementia; there are few beds and facilities housing this population. It is also duly noted that the VVH dementia program has received national recognition for best practice.

In Conclusion:

Our committee's unanimous recommendation (8-0-0) at this point is a hybrid of these options. We support the funding request with the clear understanding that this is a transitional time for the VVH's charging of the leadership. This period shall include the General Assembly's active involvement to intentionally and concretely look at additional options and alternative uses of the VVH and property to the advantage of our veterans. This work should be focused on identifying a clear and concise understanding of the governance structure and funding of the VVH and its property. We would suggest this work be done collaboratively in a working group consisting of representatives from the VVH Board, administration, staff and the General Assembly.

We note these are challenging fiscal times and see this as a crucial time for stakeholders to work in unity to determine how to best serve Vermont's veterans. In preparing this recommendation it was brought to our committee as a financial issue and as we learned more about our VVH, it became clear this is also a leadership, public policy and moral issue for the General Assembly and the people of our State. While forecasts by the VA project a decline in the veteran population, a wide range of services are still needed by those veterans and families who choose to live their lives in Vermont. The General Assembly needs to be actively engaged in a process that deliberately explores options, which may include repurposing aspects of the facility and property, to the advantage of our veterans. The collaborative work needs to be done to best *"fulfill the promise"* for those who have served to ensure both our freedom and unity.