

Report of the Working Group on The Vermont Veterans' Home Governance and Funding In Response to 2015 Act 58 Sec. E.342.1

Prepared for the House Committees on Appropriations and on General, Housing and Military Affairs and the Senate Committees on Appropriations and on Government Operations

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Sec. E. 342.1 WORKING GROUP ON THE VERMONT VETERANS' HOME GOVERNANCE AND FUNDING

(c) Powers and duties. The Working Group shall study solutions to the Vermont Veterans' Home funding challenges. In particular the Working Group shall:

- (1) identify and undertake actions that seek to minimize the operational costs and maximize patient revenue and revenue from other sources that are consistent and compatible with the mission and operations of the Home;
- (2) implement a routine review of patient acuity to ensure Medicaid reimbursement is at the maximum level possible;
- (3) examine and evaluate alternatives to the current funding model for the Home;
- (4) examine and evaluate alternative uses for the Home and its property that would benefit veterans; and
- (5) examine and evaluate options for repurposing portions of the Home's facility and property for alternative uses that would benefit veterans.

Working Group Members:

Senator Brian Campion
Representative Gabrielle Lucke
Michael Clasen, Deputy Secretary of Administration
Michael Duane, State of Vermont Attorney General's Office
Brigadier General Michael Heston, Adjutant and Inspector General's Office
Debora Amdur, Medical Center Director White River Junction VA
Charly Dickerson, Board of Trustees Vermont Veterans' Home
Melissa Jackson, CEO Vermont Veterans' Home
Barbara King, Classified Employee Vermont Veterans' Home

Table of Contents

EXECUTIVE SUMMARY.....	3
BACKGROUND.....	4
<i>History of the Home</i>	<i>4</i>
<i>Relationship with the Veterans' Administration.....</i>	<i>5</i>
<i>Funding History.....</i>	<i>6</i>
PREVIOUS REPORTS ON THE HOME.....	7
<i>State Auditor's Review of the Vermont Veterans' Home January 1999 to April 1999..</i>	<i>7</i>
<i>Report of the Vermont State Auditor on the Vermont Veterans' Home</i>	<i>8</i>
<i>Vermont 2012 Task Force – Long-Term Care Needs of Vermont Veterans</i>	<i>11</i>
<i>Independent Review of Management Operations of the Vermont Veterans' Home ..</i>	<i>11</i>
<i>Review of the Vermont Veterans' Home in Response to 2014 Act 179 Sec E.100.2..</i>	<i>12</i>
WORKING GROUP TASKS.....	13
<i>Actions to Minimize Operations Costs and Maximize Revenue.....</i>	<i>13</i>
<i>Implement a Routine Review of Patient Acuity</i>	<i>14</i>
<i>Examine and Evaluate Alternatives to the Current Funding Model of the Home</i>	<i>14</i>
<i>Examine and Evaluate Alternative Uses for the Home and Property that Would Benefit Veterans</i>	<i>19</i>
<i>Examine and Evaluate Options to Repurpose Portions of the Home's Facility and Property to Benefit Veterans</i>	<i>20</i>
OPTIONS	21
APPENDIX A	23
<i>HMR Veterans Services Presentation.....</i>	<i>24</i>
APPENDIX B.....	45
<i>Contracted/Managed State Veterans' Homes</i>	<i>45</i>
APPENDIX C.....	47
<i>Cost to Close the Vermont Veterans' Home</i>	<i>49</i>

Executive Summary

The Vermont Veterans' Home was created in Session law 130 years ago with the creation of the Board of Trustees to govern the Home and accept title to the donated property. This public policy established by the Legislature to care for the state's veterans was in collaboration with the federal government that partnered with states throughout the country to create a nationwide network of homes for war veteran soldiers. This policy is still in effect and exists nationwide. There are currently 148 homes in the country located in every state and in the two territories of Puerto Rico and the US Virgin Islands. In 2003 Vermont's Legislature reaffirmed this policy by updating and codifying the previous session law into statute (Title 20, Chapter 87). This statute outlines the overall status and governance of this state agency. It has been modified only slightly since.

Skilled Nursing facilities for Veterans provide an environment unlike other facilities. The majority of residents are male with the average being 80. The activities are more appropriate to gender and age of our residents. The environment of veteran experiences in Veterans' Homes cannot be found in most nursing home environments.

Several reports on the Home have been completed in the last several years. Consistent themes were noted and included:

- Prior State Funding via General and Global Commitment Fund
- Financial viability of the Home.
- Level of involvement of the Board of Trustees of the Home (The Board).
- Level of involvement by the Agency of Human Services (AHS).
- The need for various policies and procedures to improve operations of the Home.

The Group agrees that the Home's current operating budget is in line with the services provided, and that the Home has taken steps necessary to eliminate unnecessary expenses. The Home continually re-evaluates its budget and makes necessary adjustments to expenditures based on available revenues, whenever possible.

Current federal regulations on State Veterans' Homes severely limits Vermont's ability to diversify services in this facility without jeopardizing federal revenues coming from the Veterans Administration (VA). If services are added, construction of new facilities will be required.

The Group came to four potential options for the Legislature to take into consideration when discussing the future of the Home. These are to leave it as is, move it to the Agency of Human Services, privatize it (in various forms), or close it. These are discussed in more detail on page 20.

When reviewing these options one must not forget the importance of this Home to Vermont's Veteran population and the long standing public policy of the State to take responsibility and care for those who have served to protect the freedoms enjoyed by all Vermonters.

Background

History of the Home

On November 24, 1884 an Act of Incorporation was enacted by the General Assembly of the State of Vermont naming a group of citizens as the Trustees for a Soldiers Home and appropriating \$10,000 for the Home. On December 28, 1886 the Trustees procured the title to Park Home in Bennington VT and the Board requested an additional \$10,000 from the Legislature. The Home opened on April 1, 1887, making the home the second oldest in the country. The first Veteran was admitted May 18, 1887.

In March of 1888 the Board requested an additional appropriation of \$25,000 to provide for a building expansion and care for the next two years. Funding was again appropriated for the Home by the Legislature in 1890 in the amount of \$20,000 for maintenance of the home for 1891 and 1892.

From its inception until 1960, the Home was a working farm. In 1965 a major portion of the Home's land was sold and transferred to the Mount Anthony Union High School. The property was again reduced in the early 1970's with expansion of US Route 7 and construction of the state office building. In the spring of 1991 an additional parcel of land was sold to the State of Vermont allowing for expansion of the State office complex.

In 1967, 22 nursing home beds were constructed and dedicated. In 1970 the name of the Soldiers Home was officially changed to the Vermont Veterans' Home.

Today the Home sits on 88 acres which includes the deer park, trout pond, several old barns and storage buildings, a cemetery as well as the 140,000 square foot facility. The Home currently has 130 nursing home beds, 8 assisted living beds, and 196 employees.

Shortly after the addition of the nursing home beds the Home became a participant in the Medicare and Medicaid program. The additional revenues resulted in a reduced reliance on appropriated general funds needed to operate the state facility.

The Home has struggled with regulatory compliance off and on over the last 30 years and most recently in 2012 and 2013. The Home came close to losing its ability to participate in both Medicare and Medicaid. Since that time a comprehensive plan to address facility systems, policies and procedures has resulted in the Home's being free from regulatory deficiencies since October 2014. The Home's overall star rating, as determined by the Centers for Medicare and Medicaid Services (CMS), has gone from a 1 star to a 4 star facility. The Home has consistently achieved a 5 star rating from CMS with specific regards to the staff-to-patient ratio. The rating system is 1 to 5 stars across 4 categories that result in an overall facility star rating.

Relationship with Veterans Administration

The Home is too often, and mistakenly, regarded as being part of the federal Veterans Administration (VA). In fact it is a state agency. The state facility does receive funds from the VA for each Veteran cared for. In most instances this is a daily stipend. For those veterans deemed with a 70% (or more) service connected disability by the VA, the daily rate is higher. Most Veterans who are at the Home do not require placement as a result of injuries or illnesses associated with the military. It is more likely to be from conditions that happened after their military service.

Over the past four years, significant strides have been made in improving the collaboration between the White River Junction VA Medical Center and the Home. This close collaboration has resulted in the Home receiving far more admission referrals than in previous years. The Home and the medical center are in the process of entering a sharing agreement for transportation, whereby facility Veterans and Veterans from nearby communities can access transportation services resulting in cost savings for the Home.

The Medical Center has also provided high cost medications for certain Veterans, saving the Home thousands of dollars. The Medical Center has provided the technician and equipment to offer telemedicine at the Home allowing the veteran to stay at the Home and be seen by specialty care providers as far away as Boston, MA. This is a significant cost savings to the Home in terms of transportation and staff time.

Per federal regulation, the VA has provided equipment including specialty beds and mattresses, pain pumps and wheelchairs to our Veterans. This is a substantial cost savings for the facility. Specialty wheelchairs can easily cost \$10,000 and the rental on a specialty hospital bed averages \$1,500 a month.

Funding History

The State of Vermont has financially supported the Home through a combination of General Funds (and other state funds such as Global Commitment Funds) for the majority, if not all of the Home's existence. State Funds currently make up approximately 25% of the Home's budget. This recently rose due to declining population and some other factors. The remaining 75% comes from funds generated by the Home through Medicare, Medicaid, VA, commercial insurance and private pay funds. The table below provides an overview of the Home's funding from General Funds and Global Commitment Funds for the past 22 fiscal years.

NOTE: The information below was gathered from Appropriations Act summaries of each fiscal year adjusted by the Budget Adjustment Act.

FISCAL YEAR	TOTAL in millions	% OF CHANGE	STATE FUNDS in millions	% OF ENTIRE BUDGET
1994	\$8.092	4.6%	\$1.218	15.1%
1995	\$8.597	6.2%	\$1.183	13.8%
1996	\$8.903	3.6%	\$1.227	13.8%
1997	\$9.122	2.5%	\$0.927	10.2%
1998	\$9.398	3%	\$0.988	10.5%
1999	\$9.975	6.1%	\$1.007	10.1%
2000	\$10.491	5.2%	\$1.048	10%
2001	\$11.052	5.3%	\$1.085	9.8%
2002	\$11.541	4.4%	\$1.085	9.4%
003	\$12.399	7.4%	\$1.072	8.6%
2004	\$13.034	5.1%	\$0.964	7.4%
2005	\$14.648	12.4%	\$0.969	6.6%
2006	\$15.962	9%	\$0.912	5.7%
2007	\$16.051	0.6%	\$0.913	5.7%
2008	\$16.426	2.3%	\$0.913	5.6%
2009	\$17.497	6.5%	\$0.881	5%
2009 BAA	-\$1.090			
2010	\$18.259	11.3%	\$0.837	4.6%
2011	\$19.058	4.4%	\$1.411	7.4%
2012	\$18.928	-0.7%	\$1.411	7.5%
2013	\$19.102	0.90%	\$1.411	7.4%
2014 (BAA)	\$21.445	12.3%	\$4.610	21.5%

2015 (BAA)	\$20.539	-4.2%	\$5.379	26.2%
2016	\$21.026	2.4%	\$5.894	28%

Previous Reports on the Home

Since 1999 five reports have been completed involving the Home. The reports and their findings are summarized below:

➤ State Auditor's Review of The Vermont Veterans' Home - January 1999 through April 1999

This report was conducted as a result of concerns regarding the management and staff of the Home, relative to the quality of care. The Home was operating without "necessary support and guidance from the State that is required by law".¹

Based on this report the following recommendations were made:

1. The Agency of Human Services (AHS) should develop and implement internal control procedures to provide reasonable assurance that the financial activities at the Home are properly processed, recorded and reported and that the Home complies with applicable laws, rules and Administration policies.
2. AHS should provide the Home with support and guidance required by law.
3. AHS should immediately begin providing and the Home should immediately begin using, the administrative support that is set out and required by law.
4. AHS should immediately conduct a review of the Home's staffing needs to ensure the quality care required for the resident population.
5. AHS should establish an internal control system at the home that will sufficiently ensure compliance with Vermont law and Administration policy with respect to authorization, approval, and reporting requirements of bank accounts associated with the Home, with respect to expenditures from these accounts and with respect to the acceptance of items of value on behalf of the Home.

¹ State Auditor's Review April 1999, (pg.1) – The Home was "attached" to AHS for administrative support when the statute for the Agency of Human Services was originally created in the early 70's.

6. AHS should enforce compliance with Administration policy with respect to payment of employee expenses at the Home.
7. AHS should ensure compliance with Vermont law and Agency of Administration bulletins in all contracts by or on behalf of the Home.
8. AHS should ensure that the Home's receivables are reviewed, pursued and either collected or written off.
9. The Agency of Administration should not apply the special fund assessment to the Home's Medicaid funds.
10. AHS should assist the Home in developing a public document retention and disposition schedule. The Home should seek and follow the advice of the State Archivist in preserving records of archival value. The Home should locate the source documents for all donated funds. As records are located they should be properly filed to allow easy retrieval.²

➤ Report of the Vermont State Auditor Vermont Veterans' Home Opportunities Exist to Better Serve Vermont Veterans

In 2005 State Auditor Randolph Brock conducted a review of the Home after allegations of financial improprieties on the part of the management. Additionally this audit assessed expenditures of the Home and the way the Home's Board of Trustees (the Board) provides oversight and promotes compliance and integrity.³ From this audit the following recommendations were made:

1. The Board should develop a board education program designed to equip Board members with the tools and techniques to transform its performance to reflect governance best practices for non-profit organizations.
2. The Board should also ensure that management establishes a set of risk management practices and should continually reevaluate those practices and the Board's own role in overseeing them.
3. The Board should ensure that management has established through word and deed the desired values-based culture and that programs exist to deliver those values throughout the organization.
4. In selecting key members of the management team, the Board and management, as appropriate, should ensure their background screening efforts focuses on selecting

² State Auditor's Review, April 1999, p. 19 - p. 36.

³ Randolph Brock, Vermont Veterans' Home Opportunities Exist to Better Serve Vermont Veterans, November 21, 2005, p. 1.

- candidates with track records that demonstrate through past performance, that they share values consistent with the Home's desired culture.
5. Management should review and update, if necessary, their existing Code of Conduct so that it is adhered to by all members of the organizations including the Commandant, and ensure everyone understands its relevance and importance.
 6. The Board should establish supplementary communication channels to assist in identifying lapses in ethical behavior outside of the currently established channels.
 7. Board Members, with appropriate guidance and limitations, should be specifically charged with maintaining direct contact with residents, staff members, vendors and people in the community to determine for themselves what attitudes and values are espoused by the management and how they are embraced by the rank and file staff.
 8. The Board should adopt a strong non-retaliatory policy for whistleblowers and develop a more effective means of speaking confidentially with employees who might, in good faith, believe improper activity is occurring at the Home.
 9. The Home's by-laws should be amended to include the appointment of an Audit Committee with a specific charter that addresses the Committee's role in reviewing the financial statements, understanding accounting policies and the quality of financial reporting, considering the effectiveness of the Home's internal controls, reviewing the auditor's proposed audit scope, exercising approval over the selection of external auditors, meeting privately with the auditors and questioning them on the Home's system on monitoring compliance with the laws and regulations, reviewing findings of regulatory agencies and any auditor observations, reviewing the process for communicating the code of conduct to staff members and reporting to the full Board on issues under its purview.
 10. The Board should recognize its role is to provide strategic leadership and oversight and the role of management is to manage the organization.
 11. The Board should consider a range of "best practices" to improve internal Board operations, performance and accountability.
 12. The Board and Commandant should negotiate a memorandum of understanding with Building and General Services (BGS), AHS, and Department of Human Resources (DHR), as well as other relevant State departments, on a full range of responsibilities for each party relating to the operation of the Veterans' Home. These memoranda of understanding should be incorporated into the Home's procedures and adopted into work plans of the appropriate State agencies and departments as necessary.
 13. The Board should amend its by-laws to include the specific steps to consult with and provide approval for BGS to undertake engineering and construction projects according to 20 V.S.A §1720.⁴

⁴ Randolph Brock, Vermont Veterans' Home Opportunities Exist to Better Serve Vermont Veterans, November 21, 2005, p. 42 - p. 44.

➤ Vermont 2012 Task Force - Long-Term Service Needs of Vermont Veterans

This report was submitted to the General Assembly January 15, 2012. The Legislature appointed the task force to receive information and consider recommendations for improvements in services for Veterans in need of long term care.⁵ This report made several recommendations to improve long-term care services for Vermont Veterans including two recommendations for the Home.

1. Support the effort by the Vermont Veterans' Home to determine the feasibility of establishing a Vermont Veterans' Home north in conjunction with an existing nursing home.
2. Encourage more nursing homes to establish contracts with the Veterans' Administration, sufficient to meet the needs and preferences of veterans in any given geographic area. The Department of Disabilities, Aging and Independent Living shall work with Vermont Health Care Association to pursue this recommendation.⁶

➤ Independent Review Management and Operations of the Vermont Veterans' Home

In April of 2013 the Vermont Agency of Administration requested that an independent review of the management and operation of the Home take place. This review was completed by Health Care Management Associates, Inc. and the report is often referred to as "The Pulling Report." This report has five recommendations when completed and they are as follows:

1. Replace the Deputy Administrator position with a Chief Executive Officer (CEO) position the CEO should become a member of the Board.
2. Possibly in concert with the position modification above, consideration should be given to using specialized management consultants to help devise and implement the turnaround plan of the new CEO.
3. In order to prove a more rational and business-like organization, senior management positions at the Vermont Veterans' Home should be made exempt to enhance accountability, flexibility.

⁵ Agency of Human Services, Vermont 2012 Task Force - Long-Term Care Service Needs Of Vermont Veterans, January 15, 2012, p. 2.

⁶ Agency of Human Services, Vermont 2012 Task Force - Long-Term Care Services Needs Of Vermont Veterans, January 15, 2012, p. 2.

4. The organizational turnaround plan to be directed and coordinated by the CEO and the specialized management consultants should include at least the following elements:

- *Assurance of continued improvement in the survey and compliance process and results.
- *Continued process in admissions, marketing, education, and overall census.
- *Specific improvement work plans for senior manager as needed with measurable results and actions. This would include administration, nursing, and finance.
- *Improvements in the nursing, in particular, including revisiting the scheduling pattern, use of part time staff, supervisory structure communications, support to the line staff and so forth.
- *Improving overall communications and relations between management and staff members.
- *Developing a sustainable long range plan for the organization

5. Proceed with a transition team and plan to permanently reorganize the governance model of the Vermont Veterans' Home to support a sustainable well-functioning organization. The Maine Veterans Model appears to provide the most long range benefit of the models considered. Otherwise, long range contract management should be considered with discussions and a request for proposal from pre-qualified firms with both Veterans' Home and nursing home expertise and a positive track record and results.⁷

➤ Review of the Vermont Veterans' Home In Response to 2014 Act 179 Sec. E.100.2

On November 15, 2015 the Agency of Administration submitted the above mentioned report to the Joint Fiscal Committee. Per 2014 Act 179 Sec. E.100.2 the Secretary of Administration was directed to review budget and revenue options for the Home and to develop a business plan that does not present a long term structural deficit for the State budget and eliminates General Fund subsidies by 2018. The conclusion of this report was that the current financial structure at the Home does not lend itself to self-sustainability and requires the State to subsidize the Home's

⁷ Health Care Management Associates, Inc. Independent Review Management and Operations of the Vermont Veterans' Home, August 8, 2013, p. 34 - p. 35.

operations with General Funds.⁸ The report goes on to say that State support of a State Veterans' Home is not unique and that some state homes in the New England region are 100% funded by State General Funds; this includes New Hampshire, Rhode Island, and Massachusetts.

The Secretary's report made the following recommendations:

1. Realign the operations of the Home to fit within the realities of the recent census trends.
2. Reduce staff to align with the average daily census of 130.
3. Lower the number of licensed beds at the Home to 130.
4. Repurpose space to convert semi-private rooms into private rooms thus raising revenue.
5. Creating a dedicated revenue stream, such as lottery game or small fee on break open tickets.

The report concludes that the "Secretary of Administration is confident that Vermont can continue to operate a successful Home for its Veterans that provides optimal care to its residents with minimal subsidies from the State General Fund."⁹

Working Group Tasks

I: Actions to Minimize Operations Costs and Maximize Revenue

Prior to the start of the current fiscal year (2016) the Home completed a major restructuring in order to bring the Home's operations in better alignment with the operating budget. This restructuring resulted in the reduction in the licensed bed capacity of the home, from 171 to 130, the reduction in force of 5 employees, and eliminating 12 open positions. The reduction in the licensed beds saved the facility \$231,031 due to a reduction in the Medicaid bed tax. This tax is paid by all health care facilities, this is a per bed fee regardless if the bed is filled or not. The saving from the eliminated positions totaled \$1,217,955. Additionally the home has reviewed all

⁸ Agency of Administration, Review of The Vermont Veterans' Home In Response to 2014 Act 179 Sec. E.100.2, November 15, 2014, p. 16

⁹ Agency of Administration, Review of The Vermont Veterans' Home In Response to 2014 Act 179 Sec. E.100.2, November 15, 2014, p. 16.

contracted services and has reduced contracted services while not compromising the quality of care provided to the Home's residents.

As the vast majority of the Home's budget is fixed cost, approximately 80%, the Home has limited ability to make a substantial impact on budgetary saving. That being said, the Home is continually reviewing expenditures to ensure alignment with census figures. Like other 24/7 State operations, including the Vermont Psychiatric Care Hospital, Middlesex Therapeutic Community Residence, Woodside Rehabilitation, and Corrections; the Home is in need of State funding to support its operations. As outlined below, the Home currently receives State funds that equal 26.75% of the Home's budget. This is a substantially lower State contribution as compared to the other 24/7 facilities that the State operates.

Vermont Psychiatric Care Hospital

Funding Sources	Total Funds	Total State Funds	% of Budget State Funds
General Funds	\$0	\$0	0%
Special Funds	\$428,068	\$0	0%
Global Commitment *	\$19,738,564.00	\$8,876,432	44%
Total	\$20,166,632	\$8,876,432	44%%

*Global Commitment Funds FMAP 44.97%GF

Middlesex Therapeutic Community Residence

Funding Sources	Total Funds	Total State Funds	% of Budget State Funds
General Funds	\$0	\$0	0%
Global Commitment*	\$2,686,218	\$1,207,992	100%
Total	\$2,686,218	\$1,207,992	44.9%

*Global Commitment Funds FMAP 44.97%GF

Woodside Rehabilitation

Funding Sources	Total Funds	Total State Funds	%of Budget State Funds
General Funds	\$913,411	\$913,411	19.03%
Global Commitment*	\$3,788,780	\$1,703,814	35.5%
Interdepartmental Transfer	\$97,000	\$97,000	3.57%
Total	\$4,799,191	\$2,714,225	58.1%

*Global Commitment Funds FMAP 44.97%GF

Correctional Institutions

Funding Sources	Total Funds	Total State Funds	% of Budget State Funds
General Funds	\$142,051,545	\$142,051,545	91.48%
Global Commitment*	\$5,387,869	\$2,422,924	1.56%
Education Fund	\$3,554,425	\$3,554,425	2.28%
Special Fund	\$1,370,892	\$0	0%
Federal Funds	\$470,962	\$0	0%
Interdepartmental Transfer	\$624,799	\$624,799	0.41%
Internal Service Fund	\$1,816,195	\$1,816,195	1.16%
Total	\$155,276,678	\$150,469,888	96.89%

*Global Commitment Funds FMAP 44.97%GF

Vermont Veterans' Home

Funding Source	Total Funds	Total State Funds	%of Budget State Funds
General Funds	\$5,482,923	\$5,482,923	24.89%
Special Funds*	\$8,732,204	\$0	0%
Federal Funds*	\$7,400,081	\$0	0%
Global Commitment*	\$410,986	\$184,820	1.86%
Totals	\$22,026,194	\$5,667,743	26.75%

*Special Funds are VT and NY Medicaid and Private Pay. Federal Funds are Medicare and VA.

*Global Commitment Fund FMAP 44.97%GF

II: Implement a Routine Review of Patient Acuity

With the implementation of electronic medical records (EMR) system the Home has the capability to regularly monitor documentation in the medical record to ensure the facility is receiving the maximum Medicaid reimbursement possible. The Home's management is able to review documentation for any resident at any time. This happens on a daily basis and in-depth reviews are completed by the Home's nursing consultant. The EMR was fully implemented on December 1, 2015. The Home's CEO and Director of Nursing Services will conduct regular reviews of documentation as well as the quarterly case mix reports provided to the Home by the Department of Disabilities Aging and Independent Living. On an annual basis the Home will contract with a case mix specialist to conduct an independent third party review of the Home's case mix and documentation. Any deficient practices identified will be addressed through plan of correction. This plan of will include the corrective action taken by the facility, regular monitoring of the implementation of corrective action and random audits to ensure compliance. This information is then incorporated into the Home's Quality Assurance Program.

III: Examine and Evaluate Alternatives to the Current Funding Model for the Home

In order for a facility to be considered a State Veteran's Home the home must be owned, operated and managed by state governments.¹⁰ A State has the authority to enter into a management agreement with an outside vendor to manage the Home as long as it provides for oversight of the management agreement by a State employee and retains ownership of the Home.

The Working Group participated in a presentation from HMR Veterans' Services, Inc. HMR manages several State Veterans' Home in the southern part of the country and are one of many management groups that provide this type of service. The presentation materials can be found in Appendix A.

A management contract entails contracting with a vendor to be responsible for the day to day management and operation of the Home with the State paying a management fee to the vendor. Currently 39 State Veterans' Homes have some form of a management contract. Each of these

¹⁰ www.VA.gov/GERIATRICS/Guide/LongTermCare/State_Veterans_Home.asp

contracts are handled differently, depending on the needs of the State. Appendix B contains a detailed review of the State Veterans' Homes that are run by a management contract. Some of the variations include:

1. The contract management company holds the provider numbers for Medicare and Medicaid as well as the facility license versus having the State hold the provider numbers and facility license.
2. Some States collect all the Home's revenue, pays all invoices, and then pay the contractor a percentage of the revenue as a management fee and keeps a per day fee per Veteran.
3. The vendor will charge the State a per bed/per day feed and will be responsible for paying all invoices, employee salary and benefits, and will make capital purchases up to a certain dollar amount. The State is responsible for collecting the revenue
4. Employees can remain State employees or become employees of the management company.
5. Benefits can be established by the management company or by the State, or a hybrid of the two.

Another management model, was detailed in Mr. Pulling's report, is often referred to as the "Maine Model". The Maine State Veterans' Home model is made up 6 homes located throughout the State. Maine Veterans' Homes were established as public not for profit entities in July 1977 and are a 501(c)(3) organization. The Homes operate separate from the State government; they are an instrumentality of the State with a "quasi-public" status; this allows the organization to issue their own bonds for capital improvements and other operational needs. The organization has a Board of Trustees appointed by the Governor and their employees participate in the Maine Public Employees Retirement System but are not Maine State Employees. Additionally, the Maine State Veterans' Home does not pay into Social Security for its employees. Additional information on their operation can be found at www.MaineVets.org.

The loss of the Home's employees' ability to participate with The Vermont State Employees Association (VSEA) if the Home were privately managed was discussed. Concerns regarding the potential loss of pay and benefits as well as the ability to freely express issues and concerns without the fear of losing one's job are important to the staff at the Home. The staff does have the ability to organize with another labor union if they are no longer able to participate with VSEA.

As outlined above, previous reports suggest that the Home should receive support from AHS. This is currently not the practice and the statute was recently changed. The Home is a stand-alone operation with support from BGS and HR as needed. The Working Group discussed the

possibility of moving the Home under Agency of Human Services (AHS) and to be an integral part of the Agency, along with all the other state institutions in three other departments within the agency. This is different than the current practice of being governed by the Board of Trustees.

Title 20 Chapter 87 §1711 to §1719 of the Vermont State Statutes address the governance of the Home and the responsibilities of the Board and the CEO. This chapter also addresses the management of facility funds, funds donated to the Board, how legal actions are handled and the involvement of BGS at the Home. If the Home were to be moved to the Agency of Human Services under the operational jurisdiction of its Secretary, changes to the statute regarding operational control, reporting relationships, clarification of title to property and ownership of endowment funds, etc. would need to be sorted out in advance with the Agency of Administration, Agency of Human Services, and the Board of Trustees of the Veterans' Home.

The Working Group also reviewed the deed to the property of the Home, which lists the Trustees of the Soldier's Home in Bennington as the property owner. This is reiterated in 20 VSA §1714(2) which states, "...Also included in the powers granted in this subdivision is the authority to hold title to the real property originally conveyed to the Trustees of the Soldiers Home in Vermont by the Trenor W. Park Home for Destitute Children and Women..."¹¹ Per the deed as long as the property is being used for used for a Soldier's Home there is no violation of the deed.

If the Home ceased to operate the property would need to be appraised and the Trenor W. Park Home for Destitute Children and Women or their heirs would have to reimburse the State of Vermont for the appraised value of the betterments and permanent improvements made to the property. If they failed to do so within three months of the appraisal the property would revert to the State of Vermont and the premises and property would have to be used for benevolent or charitable activities as directed by the Legislature.

¹¹ 20 V.S.A. Chapter 87 §1714(2)

IV: Examine and Evaluate Alternative Uses for the Home and Its Property That Would Benefits Veterans

The Home's property encompasses 88+- acres which includes the deer park, trout pond, cemetery, playing fields used by the local high school, a small parcel of land used by the local Chamber of Commerce, and fields that are currently mowed and hayed by a local farmer. This does leave a large expanse of open space, despite the 140,000 square feet of building complex occupied by residents of the facility.

With the amount of land available, a tenant could build a new structure on the property if desired. In the past the Board has been very methodical in determining how the property is used. The Board does not want to see the property become over run with additional buildings that take away from the Veterans' and community members' use of the grounds.

Various members of the Bennington community have suggested building a facility for homeless Veterans and a center that addresses and treats Post Traumatic Stress Disorder (PTSD). Although both are needed in the State, there is a lack of funding available to build either facility.

After much consideration, the Working Group decided that placing one or both of these facilities inside the current Home is not appropriate. Staffing and safety reasons are the main concerns. The Home does not have the qualified staff to care for the mental health needs of either of these groups of individuals. The lack of mental health care providers and services in Vermont is also felt keenly at the Veterans' Home. The Home has a licensed psychologist and when available, uses the VA's mental health staff either through an in person visits at the Bennington Community Based Outpatient Clinic or White River Junction VA main campus or via telemedicine. These additional programs would place undue stress on an already strapped resource.

Homeless grant funds are available for community providers but are not currently available to State Veterans' Homes. If the Home were to participate in the Homeless Grant Program they would be required to repay grant funding used for prior construction projects at the Home. This would total \$11 million and preclude the home from applying for VA construction grant funding in the future. The VA construction grant program pays for 65% of the cost of most construction projects with a 35% State match. To lose the ability to participate in the VA Construction Grant Program would only further exacerbate the financial situation of the Home. The Home is working with the National Association of State Veterans' Homes to have the federal law changed to

allow State Veterans' Homes to participate in the Homeless Grant Program while not jeopardizing their participation in the VA Construction Grant Program.

V: Examine and Evaluate Options for Repurposing Portions of the Home's Facility and Property for Alternative Uses that Would Benefit Veterans

After the recent reduction in licensed bed capacity at the Home, additional private rooms were added with the plan to turn previous double rooms into suites for persons needing short-term rehabilitation services or hospice services. The facility can charge extra for these rooms above and beyond what is covered by insurance. This leaves the Home with some flexibility to section off a unit to be leased to a community provider, agency, or business, which would also require notification to L & P and the VA. This reconfiguration would reduce the number of private rooms available to veterans, take away some community space, such as sitting areas and activity rooms, and limit ability to move freely about the entire facility.

The more challenging task is to find an appropriate tenant. The Town of Bennington has many commercial and office spaces for rent. The additional challenge for the Home would be to find a tenant that does not place the safety of the Veterans at risk. The Home is ultimately responsible for the actions of anyone who enters the facility; this would include a tenant and any clients the tenant may serve.

To limit risk to the facility's resident veterans, the area leased would have to have its own entrance and have the ability to be sectioned off from the remainder of the facility. This limits available space to two parts of the facility.

Due to the fact that most of the facility has been renovated using VA Construction Grant Funds, the Home would be subject to the federal recapture statute if an area of the Home (that was once classified as a State Veterans' Home) is no longer being used for that purpose. The amount owed to the VA would be determined based on the amount of square footage as determined by the recapture regulations of the federal government.

Options

After completing the task assigned to the group, four possible options for the Home were identified. They are:

1. **Continue with current model** with the understanding that at least 25% of the Home's operating budget will need to be supported in some fashion with state funds over and above monies collected from other sources. This could be either General Funds, Global Commitment Funds, or other funds or sources identified by the Legislature. Employees would not be affected unless otherwise modified by the Legislature.
2. **Move the Home to operate within the Agency of Human Services**, with the understanding that state funds will continue to be needed. The reporting relationships and support services would all be within the Agency. Employees at the line level, should be unaffected. Changes in statute would be needed, and the Board's role and involvement would change.
3. **Hire a private management firm** to be responsible for the day to day management of the Home. This option does not guarantee that the Home would be free of the need for State appropriations to supplement operations. Depending on how such transition is structured, current employees may be affected with regards to their employment status. This could include: changes in employers, pay and benefits, union status, etc.

A suggestion was made to privatize the management team of the home. This would allow the members of the Vermont State Employees Association to remain union members. This option would not reduce or eliminate the Home's need for State appropriations to supplement operations.

4. **Close the Home.** This would require the resident of the Home to find new settings and places to live. This would result in emotional and physical stress to most of the, if not all. Residents at the Veterans' Home have the ability to find comfort and familiarity with gender appropriate, and veteran appropriate activities and programs. Veterans experience special camaraderie with fellow veterans, especially combat veterans. That important part of the support system would be lost. There is also potential that they would not be close to family and friends, which would further limit their support network. In addition, the closing of the Home would most likely evoke considerable negative response from Legislators and members of the community at large.

The Home is also a major employer in the Bennington Country and the economic impact on an already depressed area could be catastrophic. In 2015 alone at least 5 business have closed and one other is reducing positions. (Please see Appendix C) for the economic impact on Bennington County and to the State if the Home were to close. If the Home should close, there would be adverse economic, social and political effects on the State. Vermont would be the only state in the country without a Veterans' Home.

APPENDIX A

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Veterans Services, Inc.



Veterans Services, Inc.

“Serving Those Who Served”



An American flag is shown in the top left corner, with its stars and stripes visible. The word "SERVING" is written in large, bold, blue capital letters across the top of the page, partially overlapping the flag.

SERVING

WITH EXPERIENCE

★ Serving with Experience

- ★ Experienced management team members with 20+ years in long term care and State Veterans Home experience
- ★ Total operational management of existing homes
- ★ Design and Construction / Opening and Recognition of New Facilities**
- ★ Key position consulting and support

★ Proven Approaches To

- ★ Risk Management / Safety Programs
- ★ Effective Financial Management
- ★ Pharmaceutical Services
- ★ Quality Assurance / Wound Care
- ★ Effective Policies & Procedure
- ★ Credentialing Procedures
- ★ Continuous Survey Compliance
- ★ Management of Medicare & Medicaid as Funding Sources
- ★ Representation in the NASDVA, NASVH and AHCA



SERVING

THE VETERANS' NEEDS

- | | |
|-----------------------------------|----------------------------|
| ★ Skilled Nursing / Clinical Care | ★ Behavioral/Mental Health |
| ★ Assisted Living | ★ Support Groups |
| ★ Individual / Group Activities | ★ Transportation / Outings |
| ★ Rehabilitative Therapies | ★ Wound Management |
| ★ Memorial Day & Veterans Day | ★ Dietary Choice |
| ★ Fitness & Wellness Programs | ★ Hospice |

A graphic of the American flag, showing the stars and stripes, is positioned on the left side of the page, partially behind the main title.

SERVING

STATES' SPECIFIC NEEDS



Management of all aspects of operations



Administrative Management

Regional Directors • HR • Finance • Marketing • Maintenance
Medicare/Medicaid Specialists • IT • Activities • Social Services



Nursing Management

Regional & Clinical Nurse Consultants • Wound Care Protocols
Quality Assurance Specialists • CNA Training Programs



Rehabilitative Therapy Management

Physical Therapy • Speech Therapy • Occupational Therapy



Consulting Services

Administrative • Nursing • QA • Survey Preparedness
Risk Management

SERVING

WITH EFFECTIVE ALLIANCES





PHARMACY SERVICES

- ★ Experienced pharmacy management team with three decades of long term care pharmaceutical services experience.
- ★ Daily medication reviews to provide Quality Assurance, reduce Poly-pharmacy, & monitor for compliance with Federal and State regulations
- ★ Assistance with enrollment and billing of private insurance, Medicare Part D & Medicaid
- ★ VA Approved Pharmacy Options and Sharing Agreements

WHERE ARE WE NOW



Flexibility to adapt to various approaches in each state.

Charlotte Hall Veterans Home

Charlotte Hall, Maryland



Bed Capacity:

Skilled Beds: 288

Domiciliary Beds: 168

Richard M. Campbell Veterans Nursing Home

Anderson, South Carolina



Bed Capacity: Skilled Beds 220

Veterans Victory House Nursing Home

Walterboro, South Carolina



Bed Capacity: Skilled Beds 220

Bill Nichols State Veterans Home

Alexander City, Alabama



Bed Capacity: Skilled Beds 150

Floyd E. "Tut" Fann State Veterans Home

Huntsville, Alabama



Bed Capacity: Skilled Beds 150

William F. Green State Veterans Home

Bay Minette, Alabama



Bed Capacity: Skilled Beds 150

Col. Robert L. Howard State Veterans Home

Pell City, Alabama



Bed Capacity:

Skilled Beds: 174

Domiciliary Beds: 80



PROVEN RESULTS

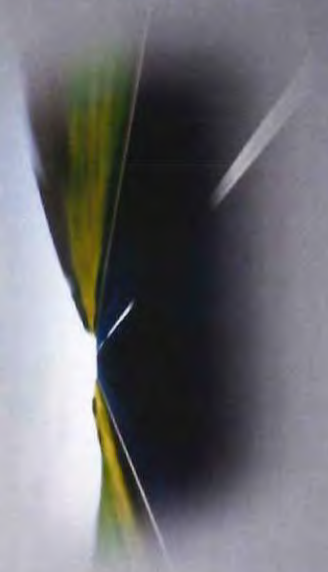


- ★ Survey Results:
 - ★ 2013-2014 – 13 Compliance Surveys completed among seven facilities in three states
 - ★ Average number of deficiencies per facility – 1.7 compared to the national average of 7.6
 - ★ Average CMS 5 Star rating – 4.0 Stars
 - ★ Leader in Family and Veteran Satisfaction



PROVEN RESULTS



- ★ The Management Company Transition
 - ★ Competitive Wages and Benefits
 - ★ Market Analysis
 - ★ Long Term Effects
 - ★ Controlled Expenses
 - ★ Liability Exposure
 - ★ Experienced Resources
- 



PROVEN RESULTS

- ★ Opening a State Veterans Home
 - ★ Licenses, Permits, Provider numbers
 - ★ Staffing, Training and Education
 - ★ The VA Recognition Survey – the path to payments
 - ★ Veterans Victory House – 220 beds (2006)
 - ★ Colonel Robert L. Howard – 254 beds(2012)



THE ROAD AHEAD



- ★ Increase Marketing Efforts
- ★ Electronic Medical Records
- ★ Expanded Programs and Services
- ★ Regulatory Changes / Code of Federal Regulations

THE NEXT STEP



Management Options for State Veterans Homes



HMR Veterans Services, Inc.

*8 Justice Lane
Anderson, SC 29621*

*Phone (864) 224-3898
Fax (864) 224-3609*

**Please visit our facilities at
www.hmrveteranservices.com**

“SERVING THOSE WHO SERVED”

APPENDIX B

CONTRACT MANAGED STATE VETERANS' HOMES

UTAH

Has four State Veterans' Homes which are managed by Avalon. The management company holds the provider number for Medicare/Medicaid. The State of Utah collects all revenues, pays all invoices, pays the contractor 6% of the net revenue as a management fee. The State keeps \$10.00 per day, per Veteran of the VA Stipend.

Contractor: Avalon Health Care Group
 206 North 210 West
 Salt Lake City, UT 84116

North Carolina

Has four Homes that are managed by Pruitt Health Care. The State holds the provider numbers for Medicare and Medicaid. Additionally, the State collects all revenues, pays all invoices, pay the contract 9.25% of net revenues as a management fee, excluding performance bond.

Contractor: Pruitt Health Care
 1306 Mail Service Center
 Raleigh, NC 27699

Texas

Has 6 Homes that are managed by Touchstone Inc. They hold the provider numbers. No additional information on collection of revenues, payment of invoices, and management fee are available.

Contractor: Touchstone Communities, Inc.
 250 W. Nottingham #200
 San Antonio, TX 78209

Wisconsin

Three Homes are managed by Health Dimensions. The State pays all invoices, collects all revenue, and pays contractor a management fee. The Home receives no State Funds for operation.

Contractor: Health Dimensions
4400 Baker Road, Suite 100
Minneapolis, MN 55343

South Carolina

The State holds the provider numbers and bill/collects Medicare and Medicaid for three homes. The State keeps that funds that are collected and pays the contractor a per/bed, per day rate that includes payment for all services.

Contractor HMR Veteran Services
8 Justice Lane
Anderson, SC 29624-3898

Oregon

Two Homes are managed by West Care Management. The State holds the provider numbers and bill/collects Medicare and Medicaid. The State keeps a percentage of the net revenue.

Contractor: West Care Management
3155 River Rd S #100
Salem, OR 97302

The following States have management contractors for their State Veterans' Home but details are not available.

Montana	2 homes
Colorado	5 homes
Georgia	3 Homes
Alabama	4 Homes
Puerto Rico	1 Home
Maryland	1 Home

APPENDIX C

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Economic Impact
&
Cost to Close

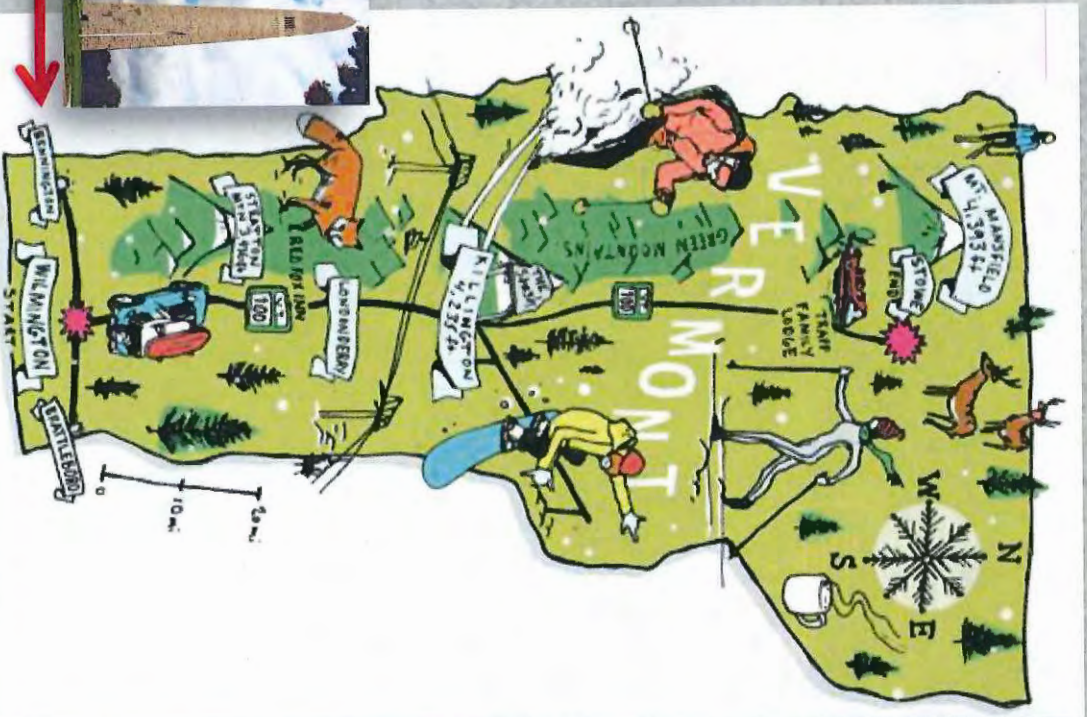
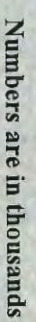


VERMONT VETERANS' HOME

Fulfilling the Promise



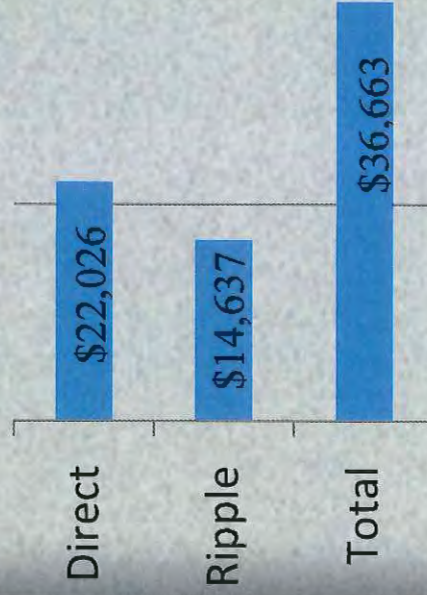
Bennington - Where Vermont Begins



Economic Impact

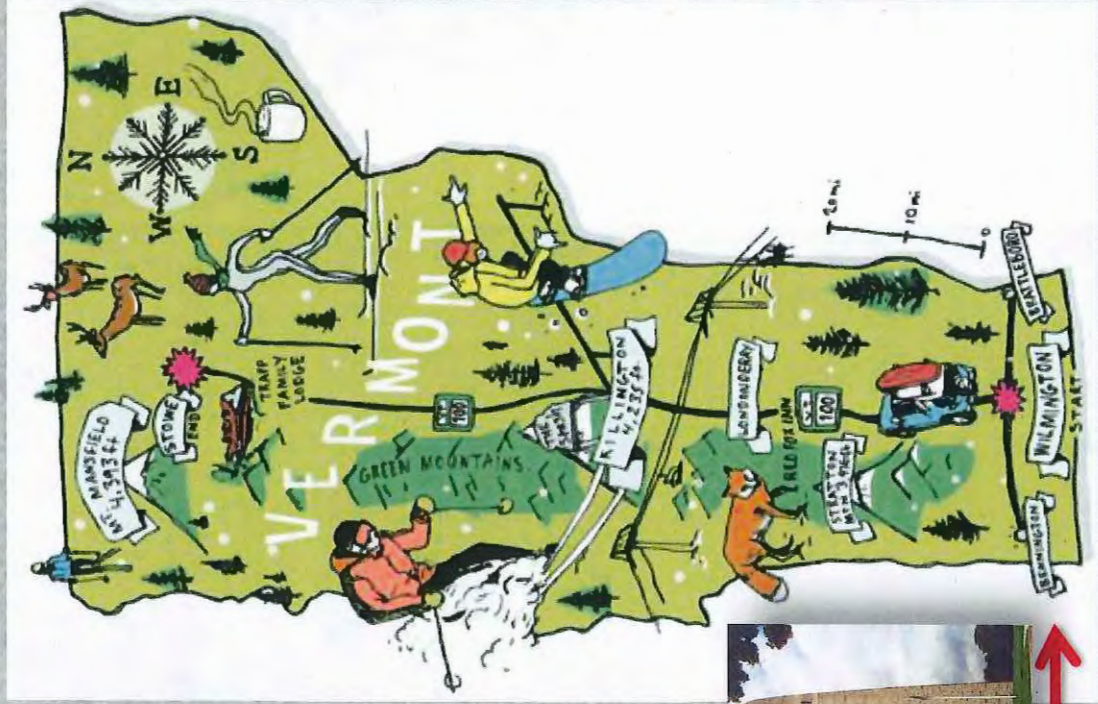
Bennington - Where Vermont Begins

Impact on State Economy
Total Expenditures



Numbers are in thousands

Fulfilling the Promise



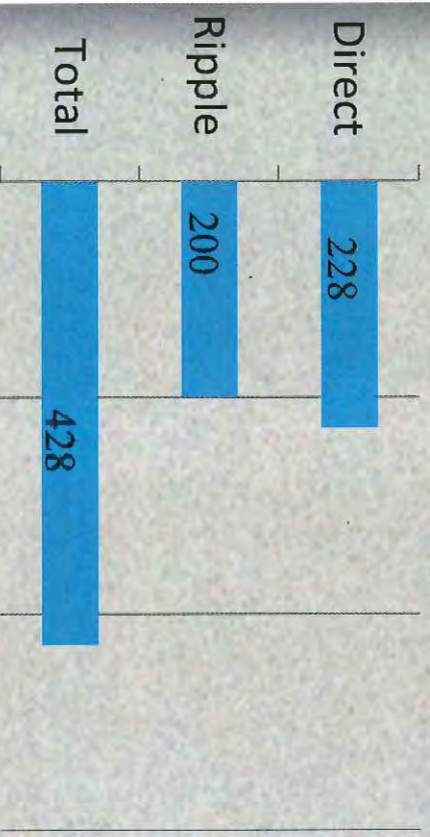
VERMONT,
VETERANS',
HOME



Economic Impact

Bennington - Where Vermont Begins

Impact on State Economy
Total Jobs



Fulfilling the Promise



VERMONT
VETERANS'
HOME

Associated Closure Costs

Logistic To Close VVH

- Federal/State Regulatory Notice
 - 90 Day
 - 60 Days Closure Plan must be approved by VT DAIL
 - “Difficult” Vets/Members to place elsewhere
 - Must continue to provide all services despite low census
 - Inability to “shutdown” or “close off” units no longer in use.
- Collective Bargaining Agreement
 - 35 Day notice
- Payment to the VA
 - Must repay VA matching funds for grant project currently a minimum of \$11 million



VERMONT
VETERANS'
HOME

Financial Cost

- Unemployment Payments – Approximately \$90,000 per week.
 - Max is \$436 per week per SOV DOL
 - SOV limit is 23 weeks
 - Question about Federal Extended Unemployment Benefits for up to 99 weeks
- Economic impact to local community losing 200+ jobs = \$36 million
- Cost to operate VVH as it relocates veterans/residents to other homes in or out of the area
 - Plant operations, Billing A/R
 - Incentive to employees to stay on until the end
 - Agency Nursing cost per hour RN \$49.50, LPN \$45.50 and LNA \$29.50
 - Medical record storage and access for at least 10 years after closure
 - Off site storage \$200 per month

Fulfilling the Promise



Community Relations

- Increased negative outlook by local community that the State does not care about this area of Vermont
- Shifting of State expenditures to local governments which increase taxes and force people to leave the State forever
- Loss of \$3.1 million in revenue to the State as a result of the loss of the VA stipend
- Loss of local high school sports playing fields
- Loss of local high school and college internship
- Loss of a free meeting space for various community organizations

Fulfilling the Promise

Political/Legislative Impact



VERMONT
VETERANS'
HOME

- Per original property deed, January 15, 1887 State is to be reimbursed for any property improvements paid for by state funds.
 - If unable to pay State for these improvements property is conveyed to the State but must be used only for benevolent and charitable uses.
- Privatization of the Home is the sole responsibility of the Board per §1714. (6) Power and Duties of the Board of Trustees
 - “Contract for managerial and administrative services, provided the contract is reviewed and either renewed or renegotiated each year by the Board in the manner consistent with 3 V.S.A. chapter 14.”
- **Only State in the country and Puerto Rico not to have a State Veterans' Home**

Fulfilling the Promise

