



Joint Veterans Affairs and Emergency Preparedness Committee Meeting January 24, 2018



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Manpower Standards

5 Yr. Plan

Cost Comparison

State Veterans' Homes vs. Private Nursing Homes

January 2018

State Veterans' Homes



PA Veterans Home Locations



Veterans Homes vs Private Nursing Homes



The original intent of the PA General Assembly was to establish State Veterans Homes in order to provide long-term care (skilled/dementia/personal/domicile) for Pennsylvania's indigent and disabled "ex-soldiers" (former service member). *As such, the implied intent of the PA General Assembly is one of "benevolence".*

43 Pa Code Chap 7-7.3 - Income Restrictions - An applicant shall be incapable of self-support and demonstrate a financial need for admission...an applicant whose income levels exceed the levels established by this section may still qualify for admission if he can demonstrate exceptional circumstances creating a financial need for admission...

43 Pa Code Chap 7-7-8a) Maintenance Fees – A person will not be denied admission to a veterans home on grounds of inability to pay maintenance fees

43 Pa Code Chap 7-7-8b) Monthly Payment of Maintenance Fees - A resident of a State Veterans Home is required to make monthly payments against maintenance fee liability in accordance with the resident's ability to pay

Bureau of Veterans' Homes (BVH)



MISSION:

- Provides quality health care to veterans of Pennsylvania and their spouses who cannot afford private care
- Creates a resident-centered approach with specially trained staff that address the care, prevention and rehabilitative services for 1,400-1,600 residents
- Fosters an environment of resident self-choice, well-being and dignity within a veteran-centric environment

BVH operates six long-term care facilities across the commonwealth providing services to qualified veterans and their spouses.

The federal Veterans Administration (VA) authorizes 1,608 licensed beds; with option of expanding to approximately 2,336 (based on their analysis of Pennsylvania's veteran population).

BVH current bed authorization is 1,561; as Hollidaysburg Veterans Home (HVH) has 47 DOH suspended beds, which reduces our current bed authorization to this number. *BVH's current bed count is at 1,305. NOTE: The federal VA numbers will be updated to reflect this adjustment in January 2018.*

All six homes provide skilled nursing and dementia care. Currently, four provide domiciliary/personal care for veterans and spouses who do not require 24-hour skilled care.

Homes provide pharmacy services; physical, occupational and speech therapy; social services; therapeutic and recreational activities; transportation; barber and beauty services; religious and spiritual activities and hospice care.

Funding streams include state funds, federal reimbursement, third party insurance and monthly maintenance/resident fees which are calculated based upon the residents' ability to pay. Approximately 2% of our resident population pays full cost of care.

Bed Capacity



State Veterans' Homes Bed Capacity

Level of Care	Number of Beds
Skilled Nursing:	1,001
Dementia:	198
Personal:	362
Total:	1,561

BVH Resident Demographics



81-Years of Age

Male

Military Veteran

Protestant

Widowed

2.0 – Years (Length of Stay)

Cardiac & Psych Diagnosis

Mortality Rate – 1/day

Regulatory Oversight



Federal

- VA

State

- Department of Health
- Department of Human Services
- Department of Environmental Protection
- Labor & Industry
- Auditor General
- Attorney General
- Department of State

Local

- County Agencies
- City Agencies

Bottom Line- each home receives at least 3 inspections per year (Fed VA, DOH, Internal BVH). The homes with Personal Care also receive an inspection from DHS

BVH – Eligibility for Admission



Criteria:

- Be an eligible veteran or spouse or surviving spouse of an eligible veteran

Eligibility:

- Served “Honorably” in US or PA military forces
- Current resident of PA -or- PA as Home of Record upon initial enlistment (PA residents have priority)

Cost/Income Restrictions:

- Residents, within their capability, make monthly payments against their maintenance/resident fee liability

Admissions: First Come, First Serve Basis

- By home
- By level of care

State Veterans' Homes



Staffing Standards have been established

- **Staffing Required by Regulation**
- **Staffing Required by Industry Standards**
- **Staffing Required by Physical Footprint and Operational Needs**
- **Staffing Required by Home Specific Requirements**
- **BVH HQ Positions**

State Veterans' Homes



Construction (affecting # of beds available)

-**17/18- PSSH**- Temporary closure 22 Skilled Nurse Beds (1 yr)- Construction began October 2017.

-**18/19- DVVH**- PCU Closure/add 41 Skilled Nurse Beds (400 days)- Construction begins August 2018. Will Require additional staffing of 32 due to PPD increase

-**18/19- SEVC**- Add ADHC- no loss of beds during construction. Will require staffing increase of 12 due to 30 additional Day residents

-**20/21-22/23- HVH**- CLC construction. Although a reduction of beds, PPD will increase due to CLC requirements

-**21/22- DVVH**- Add Building for additional 48 Skilled Care Beds. Will require additional staffing increase of 37 due to additional number of residents

State Veterans' Homes



5-Year Census/Staffing Plan

SFY	Available Beds	Staff Required
17/18	1,504	2,138
18/19	1,463	2,112
19/20	1,485	2,156
20/21	1,526	2,188
21/22	1,495	2,162
22/23	1,517	2,179

1/4/2018 INFO: At current bed count of 1305 – Manpower Study staffing required = 2027 (1950 Homes/77 HQ)

Veterans Homes vs Private Nursing Homes



Purpose: Summarize the cost differential between State Veterans Homes vs. Private Nursing Home care through utilization of “certified” cost report data to generate a quantifiable, all-inclusive rate comparison.

The analysis points to the following:

Outcome 1: When comparing all-inclusive data for the State Veterans Homes to non-inclusive data for Private Nursing Homes, the State Veterans’ Homes are more expensive.

Rationale 1: State Employees’ Salary and Benefits Costs (129% higher for skilled and 120% higher for PC)

Outcome 2: When comparing all-inclusive data for the State Veterans’ Homes to all-inclusive operational data for Private Nursing Homes, the State Veterans Homes are still more expensive in Salary and Benefits, but less expensive relating to Operational Costs.

Rationale 2: State Employees’ Salary/Benefit costs are prescribed and regulatory compliance/standards mandate personnel requirements. We provide additional services; to include: pharmacy/Rx drugs, transportation, practitioners, volunteer services, lab and x-rays and adaptive equipment (Homes additional costs = \$11.04 for skilled and \$10.77 for PC).

Outcome 3: When comparing all-inclusive data for the State Veterans’ Homes to all-inclusive operational data for Private Nursing Homes; to include Profit Margins for Private Nursing Homes, the State Veterans’ Homes are overall less expensive for residents than Private Nursing Homes.

Rationale 3: These facilities are “for profit” and our Homes are considered a benevolent, veteran benefit that addresses care for the most disadvantaged.

Outcome 4: When comparing all-inclusive data for the State Veterans’ Homes to all-inclusive operational data for Private Nursing Homes that privatize/contract-out all employees through a Private Corporation/Vendor, the State Veterans’ Homes are overall still less expensive. This was determined utilizing a 2.33 burden rate (see Burden Rate Slide slide).

Rationale 4: State agencies must use a union benefit factor (42.5%) instead of the actual benefit rate (92.4% - SFY 2015-16) when preparing our requisite Cost-Benefit Analysis (CBA) for executing any furlough actions. However, this 42.5% rate is not reflective of the current benefit factor. Therein the CBAs do not support contracting. Long-term cost savings are not, traditionally, achieved through contracting (i.e., once the validity end date occurs and a contract is re-negotiated and/or re-bid, bid proposal submissions include cost increases). Cure letters, transitioning back to state employees results in gaps of coverage and creates issues relative to continuum of care and meeting regulatory LTC mandates.

Veterans Homes vs Private Nursing Homes



Skilled Facilities	Salary Per Patient Day	Benefits Per Patient Day	Total Salary and Benefits Per Patient Day	Operational Costs Per Patient Day	Cost per Patient Day
Veterans Homes	\$189.72	\$172.38	\$362.10	\$96.38	\$458.48
Private/County Nursing Homes	\$125.52	\$32.67	\$158.19	\$93.73	\$251.92
Difference	\$64.20	\$139.71	\$203.91	\$2.65	\$206.56

Maintenance/Resident Fee	Additional Operational Costs*	TOTAL COST TO THE RESIDENT	PROFIT MARGIN
Per Patient Day	Per Patient Day	Per Patient Day	Per Patient Day
\$394.32	INCLUSIVE	\$394.32	(\$64.16)
\$434.30	\$11.04	\$445.34	\$193.42
	\$11.04	\$11.04	

Difference in Cost to Care	PPD
\$458.48	3.9
\$445.34	3.8
\$13.14**	0.13

Personal Care /Residential	Salary Per Patient Day	Benefits Per Patient Day	Total Salary and Benefits Per Patient Day	Operational Costs Per Patient Day	Cost per Patient Day
Veterans Homes	\$85.94	\$81.03	\$166.97	\$81.66	\$248.63
Residential/Assisted Living	\$58.60	\$17.36	\$75.96	\$75.87	\$151.83
Difference	\$27.34	\$63.67	\$91.01	\$5.79	\$96.80

Maintenance/Resident Fee	Additional Operational Costs*	TOTAL COST TO THE RESIDENT	PROFIT MARGIN
Per Patient Day	Per Patient Day	Per Patient Day	Per Patient Day
\$197.91	INCLUSIVE	\$197.91	(\$50.72)
\$258.76	\$10.77	\$269.53	\$117.70
	\$10.77	\$10.77	

Difference in Cost to Care	PPD
\$248.63	1.0
\$269.53	*
(\$20.90)	1.0

Source of Data: 2015-16 MA-11 Cost Report Data
 Source of Data: *2016 Genworth Financial Cost of Care Data

Informational Note: In reference to Estate Recovery Program, approximately \$7.2 million was unrecovered. This averages \$18.07 per Patient Day which equates to a difference of \$4.93** less for Veterans Homes than Private Nursing Homes.

Veterans Homes vs Private Nursing Homes



BURDEN RATE

	Private Nursing Homes	State Veterans Homes	
Skilled – (S)	\$125.52	\$189.72	
PC/Res – (S)	\$58.60	\$85.94	
Skilled – (B)	\$32.67	\$172.38	
PC/Residential – (B)	\$17.36	\$81.03	
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Skilled – SB ($\$158.19 \times 2.33^*$)	\$368.58	\$362.10	
PC/Res – SB ($\$75.96 \times 2.33^*$)	\$176.98	\$166.97	
Skilled – O (Inclusive) ($\$93.73 + \11.04)	\$104.76	\$96.38	
Personnel Care – O (Inclusive) ($\$75.87 + \10.77)	\$86.64	\$81.66	
TTL Skilled (SBO)	\$473.34	\$458.48	3% (<)
TTL Pers (SBO)	\$263.62	\$248.63	6% (<)

*Burden Rate- 2.33 (standard rate) x "Salary and Benefits" for private nursing homes

Veterans Homes vs Private Nursing Homes



Bottom Line

DMVA Clinical, “Hands-On” Staffing numbers are comparable to private sector

BVH Cost Numbers can be validated

Private Homes numbers (from cost report) cannot be validated

DMVA does not control state salary and benefits

DMVA does not control benefit comparison for privatization (42.5%)

DMVA operational costs are less than private sector

DMVA total costs are less than what private sector charges

DMVA total costs are less than total privatization

DMVA Vets pay \$40.97/day of \$458.48 for skilled care

DMVA Vets pay \$32.58/day of \$248.63 for personal care