

Response to Homes Related Questions

Currently, 72 percent of California's veterans are age 50 and older, and the Vietnam era veterans are the largest veteran population in California. This aging veteran population represents some of the most vulnerable our veterans and providing them with assisted living and long-term care is a vital service the state provides.

The CalVet started as a single veterans Home, which cared for aged, disabled and homeless veterans. The foundation of CalVet was to care for the neediest veterans. It still is. The state homes are part of a long-term care contract between the USDVA and California. CalVet has more than a dozen initiatives to improve efficiency and reduce its cost to the state. Concurrently, it has become an integrated system of long-term care, opening five new Homes in five years, implementing an electronic health record / financial management system and providing improved services to the homeless and neediest veterans. This is resulting in more veterans being served and lowering the cost of long-term care.

1. Please describe the ways in which your division and the department are changing their approach to the homes and running them as a system, rather than as independent facilities.

The Homes Division is fundamentally changing how it does business based on its Strategic Plan. We have developed a Homes-wide Strategic Plan to focus on four goals, which will ensure we continue to provide premier care for more veterans at less cost. The plan's critical goals include:

- Increased census to budgeted / licensed capacity to serve more veterans.
- Utilize the Homes' unbudgeted space for innovative programs and services for veterans through collaborative relationships with nonprofit service organizations and private entities, at no additional cost to the state.
- Provide the highest quality long-term care and residential services in each State Veterans Home.
- Increase revenue and reduce operating cost by developing a business-based operating model.

Supporting the Strategic Plan are the following initiatives, which are being standardized among all Homes:

- To reduce reliance on General Fund CalVet has set a goal of increasing revenue by 7% per year for the three established older homes until they can offset the cost of care by 70% annually. This initiative has required culture change for all CalVet staff in the Homes Division, in the Headquarters Administrative Services Division and in the eight Veteran Homes. This change has been supported by multiple workgroups, a financial newsletter and website financial suggestion box. This has resulted in an 11% improvement to date.
- CalVet has developed Staffing Standards that will be applied across all Homes, in every category, to ensure quality care and maximum efficiency. Within this staffing plan, department's operational structure at the homes is also standardized and incorporates a long-term care business model that has proved successful in other states veterans homes and in the private sector.
- To standardize the admissions' process and ensure access and process transparency to applicants and their families, CalVet developed and implemented the Patient Admission Tracking System (PATS) to allow the Homes to run reports, give applicants a standardized priority listing and maintain the waiting list in an efficient and consistently fair manner. Every home can now see where a veteran would be on the waiting list for every level of care in every home.

- CalVet has redoubled efforts to admit homeless veterans, developed a rapid admission process to address their priority need for care, and implemented a successful pilot behavioral wellness program at Yountville to better care for veterans with multiple behavioral challenges, increasing the number of veterans that can be admitted. This program expands our ability to serve more needy veterans
- Increase the use of unbudgeted beds, CalVet is collaborating with multiple nonprofits and developing RFP's and RFQ's to seek ways to incorporate innovative programs in to our Homes at no cost to the state.
- CalVet has expanded outreach with a new state-wide Homes' brochure, by hiring County Veterans Service Officers or Veterans Service Representatives to file claims not only for Homes residents but also for veterans in the local communities. Homes' representatives attend all regional Stand Downs and are engaged in extensive community outreach.
- Implementing an information management system for the homes known as the Enterprise-wide Veterans Home Information System. Once fully implemented, this will help ensure medical treatment standards of quality and practice and provide a "dashboard" for management oversight, which has been previously unavailable.
- Implementing staff scheduling and management software system-wide. This will improve efficiency and allow management oversight and a detailed analysis of staffing patterns.
- Improving services to homeless veterans by developing MOU's with nonprofit organizations, networking with all available community resources and collaboration with other state agencies through involvement with the Interagency Council on Veterans.
- Working with local VA Medical Centers to develop a standardized tele-health and tele-medicine unit within each Home. This will speed services and greatly reduce resident travel time to VA hospitals and clinics. Specifically, Tele-Health has been successfully implemented in Barstow.
- Implementing a standardized inventory tracking and equipment maintenance/replacement software. This will eliminate many manual processes and ensure that equipment and systems are in compliance with regulations.
- Standardizing policies and policy management across all Homes; completed over 150 policies electronically to create a unified long-term care system.
- Implementing a standardized Pharmacy Management System with the use of Frameworks software and TALYST medication dispensing machines. This process improves safety, increases efficiency and decreases medication waste thereby decreasing expenses. CalVet has nearly completed the implementation of Frameworks software in Chula Vista and Yountville.
- Implemented a Department-wide Five Year Capital Outlay process. The five year plan reflects the department's current mission, vision and priorities. It includes all the new Veterans Homes in the capital outlay process. Veterans Affairs has taken some positive measures to reduce and implement energy efficient measures for our California State Veterans home as well as our Headquarters department by:
 - Collaborating with DGS on the new State Energy Retrofit program in order to identify, fund and implement energy conservation measures, participation in energy benchmarking using the federal ENERGY STAR system and actively working with CalEPA in order to address department needs through practical advice including tips, tools, and case studies to facilitate the process of building, reporting and verifying a GHG (greenhouse gas) inventory.
- CalVet staff have completed a total of 45,240 mostly on-line courses in 2012 to maintain and improve skills. This includes training needed for continuing education credits.
- CalVet has implemented a Homes-wide Corporate Compliance program designed to ensure fiscal integrity and compliance with all federal regulations.

- Implementing the new Medicare Wellness Check Program. This will improve health care and also improve revenue.
- To ensure Quality Assurance the CalVet has implemented a management-level quality committee that reviews all quality management data from the Homes in order to align best practices maintain the quality of care provided by CalVet.
- Developed Medicare Provider Enrollment Toolkit to ensure that homes will be able to bill for services rendered to Medicare eligible residents. In addition, the Homes have implemented a “Triple Check” process for Medicare Part A, which will ensure appropriate care and improve revenue.
- All Homes with memory care will have an electronic Wander Guard elopement system in place to efficiently ensure resident safety.

Because of the initiatives above, CalVet has been able to increase revenue thus decreasing its dependence on the General Fund for care of veterans while making more beds available to deserving veterans. In a span of five years, CalVet has opened or will be opening a total of five homes adding 966 beds to the system. With a focus on a better business plan and fiscal efficiency, CalVet will be able to serve more veterans at a lower General Fund cost per resident through its many initiatives. CalVet is at 98% budgeted capacity today with 1,739 residents. In addition, as there is turnover at the Homes, just to date this fiscal year, we have served 2,281 veterans and assisted many of their families.

2. How do staffing levels compare to veterans’ homes in other states and to standard staffing levels in the private sector?

Our staffing levels compare very favorably to other state veterans homes. Our homes do more than private sector nursing homes. In addition, there are many variables prevent a direct comparison between private sector facilities and CalVet’s Homes.

Comparison to State Veterans Homes in other States

While resident acuity influences staffing ratios, CalVet’s staffing is, on average, comparable to other states veterans homes. In an extensive survey of seventy-seven other state veterans homes’ staff-to-resident ratios, CalVet’s staff-to-resident ratio was 0.93—or fewer staff than residents. In contrast, the National State Veterans Home (NSVH) average was 1.11—or more staff than residents.

Comparison to Private Sector Nursing Homes

The private sector only discloses nursing staff ratios, which they are required to divulge. In that respect we are the same. The private sector generally does not share staffing numbers in other operational categories. Comparison in other staffing areas is complicated by the following differences.

- **Medical and Health Care:** In the private sector, the nursing facilities provide only the required long-term care (nursing care). Paying for specialty medical care, pharmacy, mental health and other health care or transportation services is the resident’s responsibility. CalVet provides these services either directly through civil service staff or by contract with community medical providers at no cost to the resident.

- Support Services: The private sector often has complex arrangements for support staff services (food service, rehab, janitorial, grounds-keeping, maintenance, security, etc.). These services are often contracted—at times contracted through subsidiary companies.
- Management and Administration: While long-term care is the most highly regulated industry in the country, CalVet’s need for management, Admin and general civil service staff exceeds the private sector, which is far less regulated. Being in the public trust, CalVet provides premier quality care, but is subject to greater reporting requirements, oversight and sometimes-conflicting guidance and regulations from multiple agencies, boards and organizations, which often have overlapping interests.

Private sector facilities are regulated by three (3) agencies:

- CDPH annually surveys nursing facilities to ensure acceptable standards of safety and care.
- DSS creates a separate layer of regulations for assisted living.
- The Centers for Medicare and Medicaid Services (CMS) create an overlapping federal-state oversight and adds performance, corporate compliance and reimbursement reporting requirements.

In addition to the above, CalVet is regulated by or must be responsible to multiple agencies, groups, regulations and concerns. These include the USDVA with survey and federal regulatory oversight, the Military and Veterans Code, numerous state control and oversight agencies, the CalVet Board and the Home’s Allied Councils. As a result, CalVet manages complex operational issues that go beyond those challenges encountered in the private sector.

3. Please explain how this effort aligns with the department’s role as a long-term care provider.

CalVet strives to be the most innovative department in the state. In less than five years it has become a state-wide, integrated system of long-term care, while at the same time improving efficiency, opening five new Homes, implementing an electronic health record and management system and providing improved services to the neediest veterans.

The states’ long-term care for veterans needs is not just a state function; it is a contractual partnership that is integrally linked to the many services provided by the VA within California. The state veterans homes are the primary long-term care component of the system of care and benefits for veterans that is provided, or assisted, by the VA. The VA will spend \$11.9 billion in California in FY 2013 for the 1.1 million veterans that receive VA benefits. For State homes, the VA pays about 65% of new home construction costs and about 25% of operating costs through the mechanism of a resident Per Diem.

As part of the federal and state relationship, CalVet provides premier long-term care for a defined set of veterans. How is that set of veterans defined? The USDVA performs a national census every 10 years and determines the need for long-term care beds by state. In the last census, California was deemed a high needs state due to its large population and low bed capacity. California is adding five homes in five years with a combined total of 966 new beds to meet the needs of the elderly and disabled veteran population needing long term care.

4. Please discuss the homes’ budget, how they are funded and the homes’ actual cost to the state.

The Governor’s Budget appropriates General Fund for the operation of the homes at the start of each fiscal year. As costs are recovered throughout the year from USDVA, residents, and insurance providers, CalVet returns the money back to the General Fund as revenue. The chart

below summarizes the past year actuals in terms of initial General Fund investment, revenue returned and finally, the actual cost of care to serve each veteran. In summary, the cost of care is offset with as much as 62% of other revenue collected during the year. The average General Fund cost to serve a veteran by CalVet was \$37,800 per year in 2011-12 across all the homes. It is anticipated that the average will drop as revenue increasing measures are fully implemented.

General Fund Impact Fiscal Year 2011-12						
Veteran Homes	Total Veterans Served (1)	Total Expenditure (2)	Estimated Revenue (3)	General Fund Impact	Percent Recovered	General Fund Cost Per Resident by Home
Yountville	1171	\$81,819,278	(\$40,076,151)	\$41,743,127	49%	\$35,647
Barstow	247	\$18,844,469	(\$8,947,523)	\$9,896,946	47%	\$40,069
Chula Vista	412	\$28,619,023	(\$17,770,360)	\$10,848,663	62%	\$26,332
GLAVC	252	\$22,441,371	(\$6,959,349)	\$15,482,022	31%	\$61,437
Redding		\$338,000		\$338,000		
Fresno		\$386,000		\$386,000		
HQ- Sac		\$22,144,000		\$22,144,000		
Total	2082	\$174,592,141	(\$73,753,383)	\$100,838,758	42%	
(1) Residents Served through 9/2012 which includes Death and Discharges						2,082
(2) Expenditures are from the Governor's budget and exclude Debt Service						
(3) Revenue is as of January 2013 though more revenue is still being collected						
Average Cost for Total Served including Death and Discharges with Admin						\$48,433.60
Average Cost for Total Served including Death and Discharges without Admin						\$37,797.67

With a major focus on increasing revenue, CalVet has been able to streamline business practices and billing and use the advancements of its new electronic health record system to recover each year for the past three years. The historic trend of its cost recovery program has results in a decreased dependence on the General Fund.

The single element that is the most important to improved CalVet's revenue, particularly federal revenue, is to change the way residents are charged fees. Unlike all other state veterans homes, which charge a fee based on the cost of their care, CalVet charges a fee based on a percentage of a residents' income. Typically, the residents' income is very low and this results in very low fees. However, what residents actually pay is a minor point, and having fees based on the cost of care will only have a minimal impact on what most veterans will pay. The major fiscal impact of the current fee structure is that it keeps veterans from qualifying for Medi-Cal (which in CalVet's case is over 50% federal money) and other federal health care benefits. So in exchange for a current resident fee, say \$1,200/month, CalVet may lose an additional \$5,000/month in long-term care per diem and unlimited free medical care with the USDVA. This change would cover most of the cost of a resident's care and greatly reduce the burden on the General Fund.

5. What additional work is needed to ensure the homes operate efficiently?

- Continued focus on public private partnerships to utilize unbudgeted beds and serve more veterans at no cost to the state.
- Full implementation of staffing standards, which will include an analysis of a centralized and decentralized business model as an effective business model.

The CalVet has initiated 10 task forces to continue standardization and increase efficiency. They are:

- Fiscal Taskforce- overarching all the other efforts to become more efficient is the critical step of changing the culture of CalVet to focus on quality care at the most efficient cost.
 - Standardized Rehabilitation Therapy – Standardize the delivery of rehabilitation therapy across all homes with the goals of restoring quality of life for residents as much as possible and recovering the maximum revenue allowed in Medicare Part A and Part B.
 - Dietary – Standardize the primary menus at all the homes by season thus increasing the quality of food offered at a decreased cost and reducing the workload of developing unique menus at each home.
 - Medicare Part A Triple Check – Standardize the steps documenting, tracking and recovering costs for residents requiring Medicare Part A stays. This standardization will help improve the documentation of care provided at all homes with SNF level of care and allow CalVet to recover more of its costs.
 - VA Per Diem- Implementing best practices in admitting residents, collecting census data, and applying for higher disability ratings for qualified veterans will increase the VA Per Diem CalVet is able to collect.
 - Patient Benefit Office- Standardizing the business process related to patient benefits which starts at the point of admission and continues during their entire stay will enable CalVet to ensure residents are receiving all the benefits they are entitled through all the insurance policies they have and ensuring that they cost of care is recovered from those insurance policies.
 - Pharmacy- Standardizing the formulary used at the CalVet homes will enable the care providers to use the most appropriate medication to treat residents while containing costs.
 - Plant Operations- Standardizing such things as annual maintenance schedules, implementing energy efficient measures in the facility and maximizing use of equipment will decrease facility costs while enabling CalVet to provide quality care.
 - Admissions – CalVet has developed a standardized admissions process for homeless veterans through a Biopsychosocial Rehabilitation Program. This program provides appropriate interventions to assist veterans who are homeless, in need of biopsychosocial and vocational rehabilitation. This will enable CalVet to care for the neediest veterans who previously might have been denied admission due to the behavioral challenges they might present.
 - Contracts- CalVet uses the services of local hospitals and specialty care providers to serve veterans through contracts. Standardizing the contracts to include revenue capturing requirements as part of the scope will ensure CalVet can maximize quality care and revenue.
6. What additional work is needed to ensure the operation of the homes is just one part of a larger role the department plays in the overall delivery of services to veterans?

CalVet is focused on opening five homes in five years and implementing the Electronic Health Record System across all eight homes. In addition, it continues its historic commitment to

serving the veterans living in the homes with veteran claims representatives at each home. Their mission comprises a comprehensive outreach strategy, which includes contact, connection, and continued communication. This is consistent with the larger role for the department to ensure veterans and their families continue to experience a successful and productive life.

7. What recommendations to the Governor and Legislature could the LHC make that would help your division and the department in its objectives regarding California's veterans' homes?

CalVet's should have authority to shift levels of care within budgeted authority to meet the changing regional needs of the veterans in each local area.

Change the resident fee structure to reflect the cost of care rather than a percentage of income. This is consistent with all of the other state veteran's homes nation-wide. This will result in more federal dollars for the Homes, reduce CalVet's reliance on the General Fund, and reduce the unreimbursed cost of care, while having minimal impact on the fees most residents pay.