

VETERANS HOMES DIVISION

Little Hoover Commission Hearing

Written Testimony

Coby Petersen, Deputy Secretary for Veterans Homes

October 22, 2015

Division Overview

CalVet operates a system of quality long-term care through eight Veterans Homes, five of which have opened in the last six years. The Homes offer a comprehensive plan of medical, dental, pharmacy, rehabilitation services, and social activities within a homelike environment. Last fiscal year, more than 3,000 aged or disabled Veterans received care and were engaged in a wide range of activities in an atmosphere of dignity and independence in our Veterans Homes.

The Homes are certified by the U.S. Department of Veterans Affairs (USDVA) and licensed by the California Department of Public Health (CDPH) and/or the California Department of Social Services (CDSS). The Homes range in size from 60 to 1,000 residents and are located in Barstow, Chula Vista, Fresno, Lancaster, Redding, Ventura, West Los Angeles, and Yountville. Today, more than 2,100 residents live in our Veterans Homes.

Since the April 2013 Little Hoover Commission hearing, the Homes Division has focused on three primary goals: 1) providing premier care, 2) serving more veterans, and 3) standardizing and creating efficiencies. We have made great strides in accomplishing these goals, including:

- Achieving full recognition for all Homes, requiring the Redding, Fresno, and West Los Angeles Homes to pass USDVA recognition surveys with zero deficiencies
- Developing a centralized clinical unit to provide consultative and monitoring services and to conduct internal audits and surveys
- Streamlining our admissions process and dramatically increasing veterans served
- Opening two Homes and more than a dozen new units and programs for veterans with varying care and housing needs
- Creating task forces to improve practices and standardized a number of policies and procedures to improve operations
- Building a united system of Homes to collectively engage in ongoing issues and trends and develop system-wide solutions

These and many other successes will be reflected in our testimony.

We appreciate your interest in the Veterans Homes. In response to the issues and questions raised in your September 15, 2015 letter, we have prepared the following information:

Implementation of a Systemic Approach to the Homes Division and Barriers That Have Prevented Progress

CalVet has made excellent progress in creating a system of Homes led by a unified team of healthcare leaders. While continuing to ramp-up the newest facilities, we have standardized procedures for a number of areas. CalVet is capitalizing on the combined experience and skills of our administrators and their staff to develop and identify best practices for statewide use.

For example, we leveraged the resources in the Veterans Homes by establishing or continuing more than 15 task forces led by subject matter experts. Through these task forces we are in various stages of developing desk manuals, standard duty statements, and standardized policies.

Our Education Services Task Force unified critical employee orientation policies as a first step in standardizing training across all Homes. In addition, our Nursing Services Task Force aligned all Veterans Homes' nursing procedures with the system-wide adoption and distribution of Lippincott procedure manuals. Through this process, we are ensuring that best practices throughout the state are brought forward and adopted as a system.

CalVet also standardized the delivery of clinical and non-clinical training through the use of the Relias software system. In fiscal year 2014-15, 50,347 educational courses were delivered to 2,382 CalVet employees across all homes and Headquarters, averaging 21 training sessions per person and surpassing 90% of the companies in this industry. CalVet polled Homes Division staff in April 2015 and nearly 85% of respondents agreed that this was an effective tool for training purposes. The system also allows for flexibility and efficiency, allowing staff to complete training as their schedule allows rather than arrange for group classes or purchase and attend off-site courses. CalVet has used this system to create not only a universal training tool but also standardized training materials, which is critical for operating as a system of Homes.

The primary barrier to continued standardization continues to be the dramatic growth in the Division over the past six years. Since the April 2013 Little Hoover Commission Hearing, CalVet has opened two large Veterans Homes in Redding and Fresno and increased the daily census by nearly 400 veterans. New units have also been opened in West Los Angeles, including a transitional housing program led by the United States Department of Veterans Affairs for homeless veterans in the community. With the hiring, planning, licensing, and contracting requirements and challenges this level of growth entails, our focus has often shifted out of necessity.

However, we remain committed to this ideal. The growth of the Veterans Homes may make standardization more difficult, but it also makes it more necessary. With only three facilities, CalVet could manage the Veterans Homes with limited systemization. With five more Homes, we cannot afford to treat our facilities like unique, independent silos. These efforts are important to ensuring we can continue to efficiently provide consistent quality long-term care. That is why CalVet adopted a uniform fall prevention and response process, a statewide electronic admissions tracker, a coordinated dietary planning system, pharmacy waste reduction procedures, and a myriad of other standards that increase efficiency and unify the Homes. This growth is also the driving force behind last year's development of a Research and Program Review Unit, which supports, develops, and implements these best practices and procedures. We have much more to do, but CalVet has made significant progress over the last few years and is moving forward with creating a true system of Homes.

Progress in Increasing Reimbursements, Improving Efficiency and Reducing Costs of the Program to the State

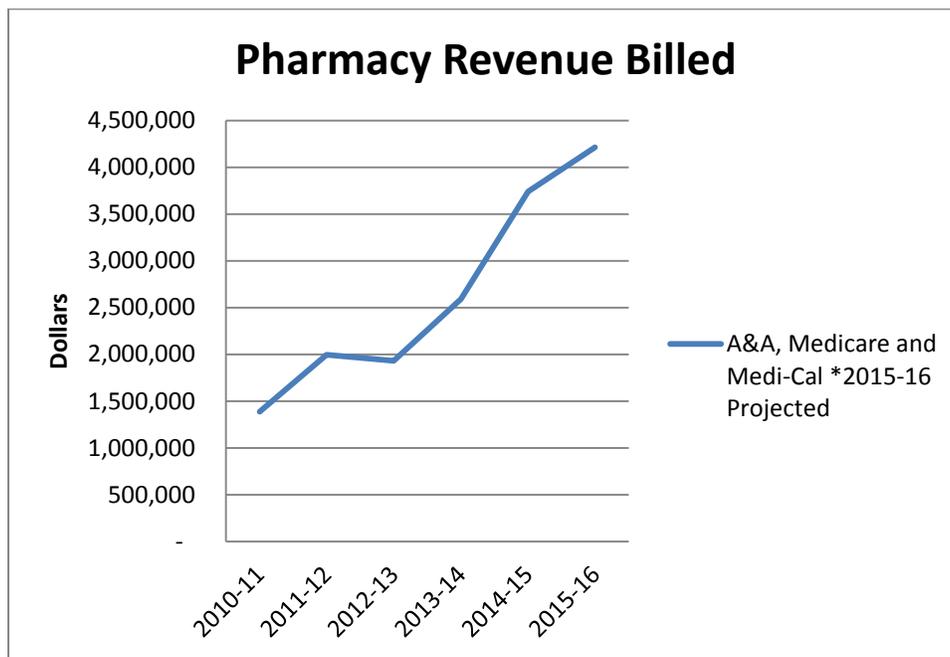
CalVet's primary focus remains on quality of care and services for our veterans. Faced with the opening, licensing, and staffing of our three newest Veterans Homes, improving our revenue model has progressed slower than it might have otherwise. That said, with all of our Homes thriving and expanding, we have still made noteworthy strides to reduce costs and increase reimbursements over the past two years.

Since the April 2013 hearing, the West Los Angeles, Redding, and Fresno Veterans Homes passed USDVA certification, ensuring all levels of care at every Home can collect federal per diem, CalVet's primary source of revenue. CalVet also added four more Veterans Claims Representatives last year, bringing the total to eight and dramatically increasing veterans' claims benefits. As an example, the Fresno Home has processed 37 successful claims thus far, generating more than \$400,000 in one-time retroactive payments and more than \$50,000 in new monthly benefits. This additional income not only helps the veterans, it also affects fee calculations and generates revenue for CalVet.

Despite these improvements, there are factors that have limited CalVet's ability to recover additional revenue over the past two years. On opening, new facilities lack Medicare certification and USDVA recognition, preventing CalVet from collecting reimbursements until census levels are reached and additional surveys are passed. Furthermore, resident fees are set by statute and regulation; these fees are also proportional with resident income, which reduces CalVet's revenue when admitting low income and homeless veterans (a primary pool for admissions recruitment). Finally, fees are generally lower than actual costs and any unpaid care or services are charged to the resident's estate at the time of death per statute; however, any

revenue collected from the estate is paid to the Morale, Welfare, and Recreation Fund rather than the General Fund.

With these restrictions in mind, we remain committed to reducing our impact on the General Fund and have sought cost savings and efficiencies in other areas. CalVet's work to standardize and reorganize its pharmacy operations and supply efforts has led to cost savings that will continue in coming years. The Veterans Homes have worked with each other and with the USDVA to merge operations and arrange for lower-cost medication purchases. The Fresno Veterans Home, for example, avoided the expenditure of between \$318,000 and \$445,000 over two years by using Yountville pharmacy services for Fresno residents. Additionally, the West Los Angeles Veterans Home pharmacy began billing insurance companies in 2014. In a year, the Home collected \$410,000 and is pursuing ways to increase its opportunities for reimbursement.



In the Yountville Veterans Home, the skilled nursing facility (SNF) staff has reduced the hospital readmission rate through a new case management process. Readmission occurs when a resident who is hospitalized and released returns within 30 days. This new approach involves strong collaboration between the local acute hospital and the Home's clinical team. Readmission cases are routinely reviewed to determine the cause of hospitalization and ways to prevent a repeat occurrence. Our providers examine residents within 24 hours of returning from a hospital to ensure any new needs and restrictions are addressed immediately and going forward. By adopting new proactive procedures, the Yountville Home reduced the re-hospitalization rate from an average of 23.8% in 2012 to 6.2% through the first nine months of the 2015. This success represents a potentially significant cost savings for CalVet and a dramatic improvement

for care delivery. Costs for re-hospitalization are reflected in bills for emergency room visits, ambulance transportation, equipment and care supplies needed following a resident's acute stay, and staffing ratios to meet levels of acuity.

These are just a few of our efforts to streamline services throughout the system. As previously stated, CalVet has extensively standardized practices in the Homes, ensuring that eight separate facilities are not burdened with developing and maintaining eight independent procedural manuals. Adopting uniform standards for nursing practices and education has significantly improved efficiency and decreased staff workloads. By working closely with the USDVA, the Yountville Home now has a pilot program to offer telemedicine services, decreasing the need for veterans to travel several hours by bus for neurological services and thereby improving outcomes and lowering costs. By streamlining the admissions process, CalVet lowered the workload required to evaluate and process applications and allowed staff to spend more time in the community with the residents. These and other efforts are examples of CalVet's many forward-thinking practices that have significantly increased efficiency and decreased costs while improving care to our veterans.

Factors Which Have Led to Significant Turnover of the Top Administrator Positions at the Veterans Homes and Current Efforts to Improve Hiring and Retaining Home Administrators

There is no singular factor driving turnover for CalVet's administrators. Some administrators have retired or resigned for medical reasons impacting their health or the health of a family member, while others have accepted other positions with the state or with a private facility. However, it is important to note that CalVet has had great success recruiting executive staff over the past few years.

Because long-term care is a strictly regulated industry, six of our eight Veterans Homes must have executive staff with nursing home administrator licenses. Therefore, our facilities are required to recruit from a relatively small pool of candidates. Furthermore, because many of our Homes were built in underserved or rural areas, fewer qualified candidates live in the immediate vicinity and vacancies can be harder to fill. However, CalVet has worked with the Governor's Office and CalHR to improve our recruitment capabilities. We have conducted better outreach with other state agencies, which has been very fruitful for finding temporary and permanent leadership. We have also worked directly with industry groups that represent or operate similar facilities to find good candidates. Our candidates have come from diverse backgrounds across multiple states. CalVet has also developed improved training and onboarding programs to ensure new administrators and other executives can quickly adapt to their new roles and immediately take charge of their facilities.

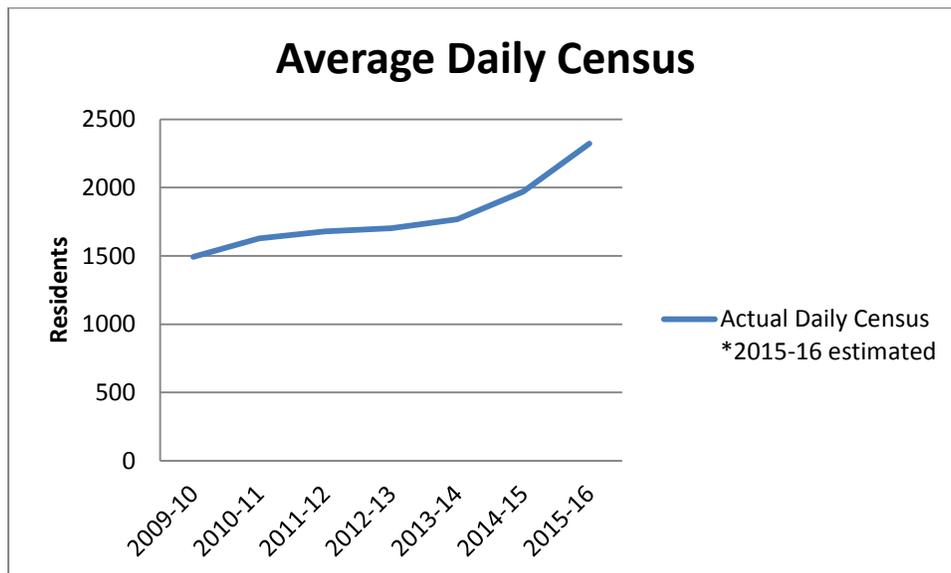
Finally, it is important to note that our leadership team is extremely experienced and highly qualified. The administrators and SNF administrators in our eight Veterans Homes have a combined 250 years of experience in long-term care – averaging more than 20 years per leader. We are also honored to say that six of our eight administrators are veterans themselves, which helps them build a strong relationship with the veterans they serve. We have recruited true industry leaders for our Homes and we are proud of their accomplishments. They each lead an excellent team of experienced nurses, therapists, dieticians, and other staff dedicated to providing quality health care for our veterans.

The Homes Division proudly employs stellar leaders in the Homes and Headquarters. These creative, driven and experienced individuals have the talent needed for a dynamic and successful future.

Vacancy Rates at the Homes and Any Initiatives the Department Is Undertaking to Improve Occupancy Rates

Since 2013, CalVet has dramatically increased the number of residents served in the Veterans Homes. More than 3,000 veterans have been served since our 2013 hearing, including hundreds who were previously homeless. In the 2014-15 fiscal year, we were home to 2,536 veterans, including more than 400 veterans who previously were homeless.

Below is our average daily census since the opening of the five newer Veterans Homes:



As of last month, more than 90% of our budgeted beds were filled, including 95% in our established Homes, exceeding the goal in our strategic plan. These strides have been made possible through focused and collaborative efforts by the admissions staff and CalVet leadership, both in the Veterans Homes and at Headquarters. In 2008, Headquarters staff who work in

admissions and in information technology designed an electronic database and tracking system that follows each resident from the date he or she begins an application with one of our Veterans Homes through completion of the process, admission, residency and, when applicable, either discharge or passing away. The objective of this tracking system is to ensure CalVet's admissions are conducted with fairness and predictability. The system's design is based on the prioritizations required of CalVet by statute or regulation, and otherwise is a first-come, first-served method. The system provides complete transparency within the organization regarding applicants' inquiries for admission, the admission process, and wait times for admission.

All Homes have access to the tracking system, and all are required by Department policy to maintain it in real time. The Director of Admissions at Headquarters monitors the tracking system daily and audits each Home annually to ensure accuracy and consistency. Any facility that is not 100-percent compliant develops an internal corrective action plan and is re-reviewed quarterly for the remainder of that year. In the 2014-15 fiscal year, two Homes showed a need for improvement in compliance. Since the beginning of the 2015-16 fiscal year, seven of the eight Homes have been reviewed, and all have shown full compliance, including the two that struggled last year.

The internal audit and tracking process are the tip of the iceberg among CalVet's admissions improvement efforts, however. Spearheaded by the leadership and admissions team in the Yountville Veterans Home, the Homes Division has streamlined the internal admissions review process throughout the system of Homes. The streamlined approach concentrates the clinical assessment with the most appropriate staff at each Veterans Home in a manner that produces faster decision-making regarding the care needed. This is another example of CalVet's ability to develop a single standard system for handling a complex process across all eight Homes.

Another significant initiative since the April 2013 hearing has been the expansion of outreach and services for homeless veterans. As part of a partnership with CalVet, the USDVA uses a portion of the West Los Angeles Veterans Home to provide housing for previously homeless veterans. The Transitional Housing Program (THP) offers temporary support for veterans who may be in need of substance abuse treatment, mental health care, or permanent job and housing placement. The USDVA identifies potential residents and, after providing initial emergency housing and treatment, enrolls them in the THP with CalVet's approval. CalVet provides room and board as well as activities and other general lifestyle components. Once CalVet completes construction of the West L.A. Home's kitchen and related staffing and licensing steps, the Department will convert those beds back to the skilled nursing unit it was originally designed to be. Since 2013, the Transitional Housing Program has housed 176 previously homeless veterans in its 84 beds. Approximately 85 of these residents have graduated from the program. Of the program's residents, 55 received Veterans Affairs Supportive Housing (VASH) or independent housing, 14 obtained jobs, and five are currently enrolled in training or a school program.

The Number of Veterans on Waiting Lists for the Homes and Efforts to Streamline and Improve the Transparency of the Waiting List Process

CalVet over the past year and a half has exercised increased precision and attentiveness with regard to its waiting lists. While we would certainly like to provide beds for every interested veteran, the limitations of finite space and resources make waitlists an unavoidable reality. Amid this, the Homes Division leadership remains committed to trying to find veterans spots in our Homes as quickly as possible. The admissions staff in the Homes have been directed to contact the top 10 applicants for each level of care on each Home's waiting list monthly to ensure continued interest and readiness. The Department is in the process of adding a component to the admissions tracking system that will show compliance with this direction. Additionally, while the tracking system's objective is to maintain fairness, within it there may be opportunities for an applicant to gain faster admission if he or she is flexible on location. If someone applies to a Veterans Home and is relatively far down on a waiting list for the needed level of care, the admissions staff review other Homes' waiting lists to determine whether the same applicant could experience a shorter wait or no wait by switching his or her application to a different Home. If so, these staff discuss this option with the applicant or applicant's family and communicate the information to the newly selected Home.

As of last month, the Homes collectively had 876 completed applications. Most pending applications are for the higher levels of care – the Intermediate Care Facility (ICF), SNF, and SNF Memory Care Unit (MCU). However, the applications also strongly reflect geographic preferences. For example, last month Yountville had 68 completed applications for SNF beds and 30 for ICF. However, the Barstow Home had only 11 pending applicants for SNF and no wait for ICF. Again, our admissions staff remind applicants of the shorter waitlists at other facilities and encourage them to consider a temporary placement until space becomes available in their original Home of choice. What CalVet has found is that veterans with the greatest need for services and housing (especially homeless veterans) have been more than willing to relocate to Homes with shorter or no waitlists rather than wait for a preferred placement at a facility in high demand.

It is important to note that our Veterans Homes are communities, not hospitals; rather than visit our facilities and leave, veterans live there, often for the rest of their lives. We have a limited number of beds, and when those are full, we cannot accept additional residents. Our vacancy rates are very low because we make quick admissions a priority for our Homes. Our admissions teams are very direct and transparent about the waiting lists and routinely discuss estimated timeframes and available alternatives to affected applicants. By remaining in constant communication with veterans on the waiting list, we have ensured that our applicants are apprised of their status and have a good understanding of their placement on the list.

In the coming months, CalVet intends to pursue a contract to study the Homes Division's long-term needs. The report will examine the future veteran demographics and industry trends to help determine the appropriate focus and structure of the Homes in the coming decades. This study will help guide CalVet as it realigns the levels of care and number of beds offered to meet future needs and ensure we remain a relevant community option for tomorrow's veterans.

Star Ratings of the Homes Including Reasons for the Decline in Ratings in Recent Years and Efforts to Overcome Deficiencies and to Provide the Highest Quality Care for California Veterans

CalVet recognizes that our Centers for Medicare and Medicare Services (CMS) star ratings have decreased over the last few years. This has been primarily due to poor survey results several years ago, as survey deficiencies can continue to affect CMS ratings for 36 months. However, these deficiencies have been corrected and CalVet has launched a number of initiatives to improve care throughout the Homes.

Each Veterans Home has a designated quality assurance professional that focuses on Quality Assurance Process Improvement (QAPI). This means that ongoing data regarding clinical and non-clinical issues is being recorded and measured, giving the leadership team at each Home visibility on trends and possible concerns without waiting for results from the next survey. We are working with the Department of Technology to improve our ability to capture this data and are using the industry's best practices to find and correct issues before they become critical.

CalVet is also building an expanded headquarters clinical team to better provide consultative and oversight services at the Veterans Homes. These consultants act as liaisons between headquarters and each Home, supporting policy development and nurse training while monitoring outcomes. Our headquarters nurses provide critical support for our standardization efforts and help unify our Homes as one system.

Perhaps most critically, this newly expanded HQ clinical team has already improved survey preparedness. CalVet is taking a proactive approach to prepare for the various surveys the Homes have on a regular basis. The team conducts a mock survey to inspect each Home and identify best practices and opportunities for improvement. In addition, our consultants also support the Homes after a licensing or certification survey is conducted to ensure any new issues are corrected and to share those results and actions with the rest of the system.

As previously mentioned, CalVet has also established a number of task forces to improve system standardization. These task forces identify best practices that have been proven by both survey results and successful day-to-day operations and implement them throughout the state.

All of these changes in practices, operations, and staffing have proven beneficial and effective for CalVet. Our Homes are passing surveys with few deficiencies, and since the 2013 hearing we have obtained licenses to open and expand units in Redding, Fresno, and West Los Angeles. All of our facilities are certified by the USDVA at every level of care, allowing them to collect per diem and reduce our impact on the General Fund. The Yountville Home has already raised its star rating and we expect the other rated Homes (in Chula Vista and Barstow) to also increase in the near future.

Conclusion

In closing, the Homes Division has much more work to do but we are very pleased with the progress made over the past two years. The Redding and Fresno Veterans Homes are now open and in great shape – in fact, the Redding Home was recently voted the best retirement community in the Redding Searchlight’s “Best of the North State” publication. The census in West Los Angeles is dramatically higher and construction of the full-service kitchen facility is on schedule. All of our Homes are certified by the USDVA and we have had great successes in our recent surveys. We have a skilled clinical team in headquarters and in the Homes, and we have strong administrators and other leaders to guide them. We are standardizing practices and we have a true system of Homes that works collaboratively to develop statewide solutions. Perhaps most importantly, our veterans love where they live. Earlier this year, 85% of residents in our last survey were satisfied or very satisfied with their communities and the services they receive.

Our veterans are happy, our census is increasing, and our structure and system are strong and improving every day. This is an exciting time for CalVet and we look forward to the future of our Veterans Homes.

Thank you for the opportunity to address the Commission.

For additional information or questions contact the Legislative & Government Relations office at (916) 653-2010 or jp.tremblay@calvet.ca.gov.

Levels of Care Available in CalVet Veterans Homes

Level of Care	Description
Domiciliary (Independent Living) (Available in Barstow, Chula Vista, Yountville, and through West L.A.'s THP)	Independent living for residents able to perform activities of daily living with, at most, minimal assistance. Non-nursing employees provide limited supervision. Residents have access to all of the Home's services, activities and medical care. Individuals can transfer to higher levels of care as needed.
Residential Care for the Elderly (RCFE) (Available in Chula Vista, Fresno, Lancaster, Redding, Ventura, West L.A., and Yountville)	Care for residents who are primarily independent and require minimal assistance and supervision with some activities of daily living. Services may include care by licensed nurses.
Intermediate Care Facility (ICF) (Available in Barstow and Yountville)	Residents in this care level often require licensed nursing assistance with medications and treatments, and generally require unlicensed nursing assistance with several daily living activities. Residents have access to all medical services provided by CalVet.
Skilled Nursing Facility (SNF) (Available in Barstow, Chula Vista, Fresno, Redding, West L.A., and Yountville)	Skilled nursing care provides 24-hour services of licensed nurses and certified nursing assistants. It is more comprehensive than intermediate care. Skilled nursing residents have greater access to rehabilitation therapies, nursing care, pharmacy management, structured activities and clinical dietary services.
SNF Memory Care (Available in Barstow, Redding, and Yountville; soon to be available in Fresno)	A supervised environment for Veterans with symptoms of confusion, memory loss, difficulty making decisions, solving problems or participating in conversations. Programs are designed to actively engage residents and promote a safe and familiar environment.

Level of Care	Established Homes^a		Activating Homes^b	
	Census^c	Budgeted Beds	Census^c	Budgeted Beds
Domiciliary	810	849	69	84
RCFE	193	201	266	278
ICF	145	165	0	0
SNF	360	376	159	187
Memory Care	75	75	43	120
Total	1,583	1,666	537	669

^a Established Homes include Barstow, Chula Vista, Lancaster, Ventura, and Yountville.

^b Activating Homes include Fresno, Redding, and West Los Angeles. Because they are still activating, these Homes have budgeted beds that are filled incrementally.

^c Census figures as of 9/22/15. Please note that some beds are not filled in the event that a Domiciliary or RCFE resident requires a higher level of care.