



# Michigan Veteran Homes

Presentation to House Committee on Military, Veterans, and Homeland Security

## Briefing Summary

- I. USDVA State Veteran Home Program Overview
- II. Michigan Veteran Homes Overview
- III. SVH Recent Issues & Challenges
- IV. Performance Improvement Efforts

# USDVA State Veterans Homes Program Overview

## Definition

### **State Veterans Homes are Federal-State partnerships**

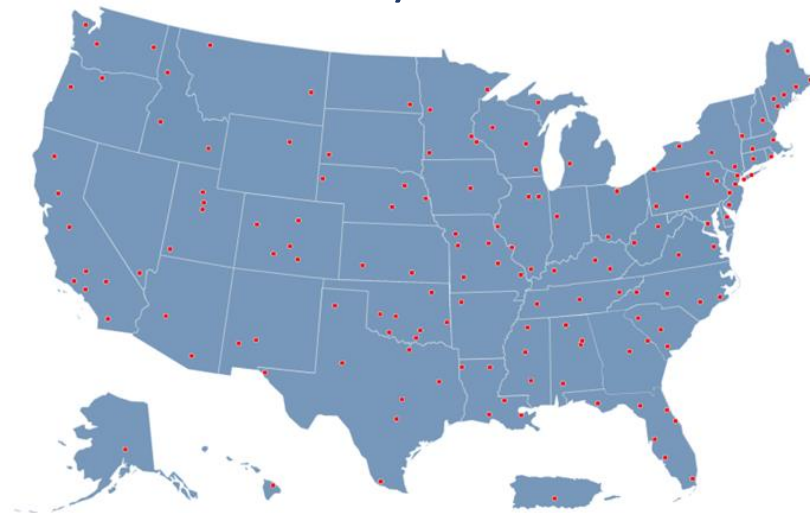
- Regulated by federal and state laws
- Must be owned & operated by the state
  - Owned = *State must own the building and the land*
  - Operated = *Must be at least one state employee providing oversight in each facility*
- Program oversight is provided by USDVA
  - Annual quality of care surveys performed by USDVA Medical Center inspectors for certification

# USDVA State Veterans Homes Program

## Service Capacity

**State Veterans Homes represent one of the largest systems of long term care providers in the U.S.**

- Over 150 state veterans homes located in all 50 states and the Commonwealth of Puerto Rico
- Approximately 30,000 beds for veterans and dependents in need of skilled nursing care, domiciliary care and adult day health care.



# USDVA State Veterans Homes Program

## USDVA Funding for Services Provided in SVHs

State veterans homes are eligible to receive “per diem” reimbursement that – unlike many other long-term care options - the VA pays towards the care of *all* veterans *indefinitely*.

The amount paid towards cost of care is determined by a veteran’s priority rating:

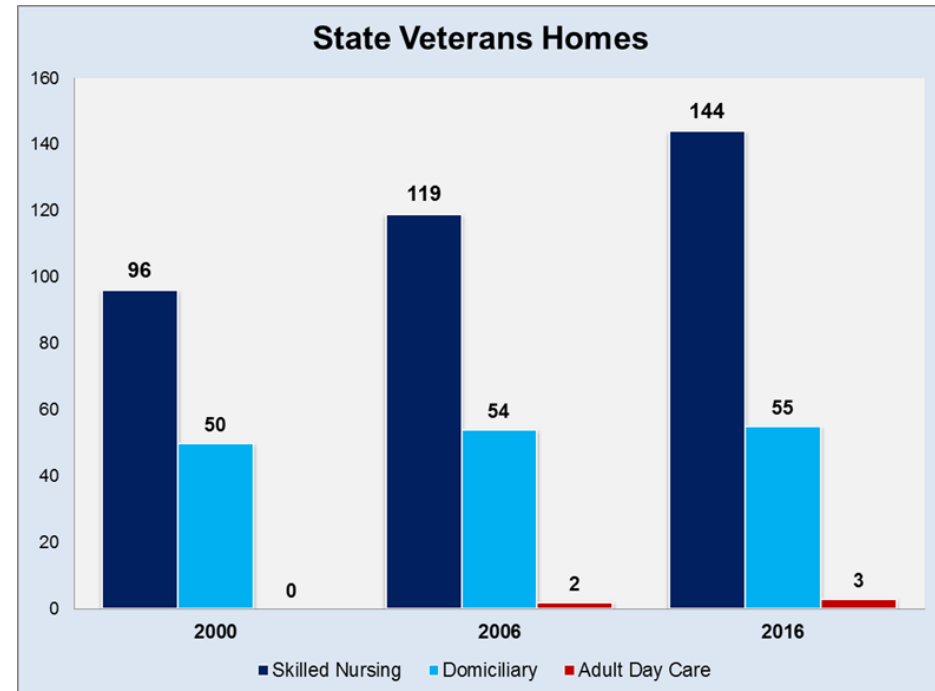
Full Daily Per Diem	Basic Daily Per Diem
<ul style="list-style-type: none"> <li>• Veteran who has a <b>combined service connected disability rating of 70% or more</b></li> <li>• Veteran who has a <b>service-connected disability</b> that the VA has <b>specifically adjudicated to require nursing home care</b></li> </ul>	<p>All other honorably discharged veterans.</p>
<p>MVHGR: \$469.75/day            MVHDJJ: \$447.84/day            MVHCT: \$474.09/day</p>	<p>\$127.17/day</p>

# USDVA State Veterans Homes Program

## Recent Developments and Trends

**Since 1998, VA has increased its support of and reliance on state veterans' nursing homes.**

Significant increase in the number of state veterans homes and available bed space due, in part, to the **availability of VA construction grants** and **increases in the per diem reimbursement rates** for SVHs



## USDVA SVH Program Benefit to Veterans

- Tailored environment for the unique population
- Financial benefits: no-cost or lower-cost care than other options



# Michigan Veteran Homes

## Breakdown of Funding

### Primary Sources of Revenue

- **VA Per Diem (federal funding):** VA payments provided to State Veterans Homes to help cover the cost of care for veterans living in the Homes.
- **Income & Assessment (private pay funding):** Collections from veterans or family to help cover the cost of care for residents living in the Homes.
- **General Fund (state funding):** Annual appropriation from Michigan's General Fund to help cover the cost of operating the Homes.
- **CMS – Medicaid/Medicare (federal funding) (NEW)** : Federal payments provided towards the care of eligible skilled nursing residents.
  - *Existing state GF funding serves as the “state match” for these payments.*
  - *Without CMS certification, the Homes receive federal Medicare & Medicaid revenue that constitutes ~1-2% of total annual revenue.*



# History of Michigan's State Veterans Homes

## Michigan Veteran Homes at Grand Rapids

Michigan Veteran Homes at Grand Rapids	
First Opened In	<ul style="list-style-type: none"><li>- 1886</li><li>- New Building Opened: 2021</li></ul>
Facilities & Land	<ul style="list-style-type: none"><li>- 90 acres of land</li><li>- 3 main buildings (New SN, Mann – 1988, McLeish – 1975)</li><li>- Several additional outbuildings</li><li>- 5,000 grave cemetery on 11.5 acres</li></ul>
Census	<ul style="list-style-type: none"><li>- 128 skilled nursing beds, in private rooms</li><li>- All beds are both VA-recognized and CMS-certified</li></ul>



## Michigan Veteran Homes at Grand Rapids

# History of Michigan's State Veterans Homes

Michigan Veteran Homes D.J. Jacobetti (Marquette)

Michigan Veteran Homes D.J. Jacobetti	
First Opened In	<ul style="list-style-type: none"><li>- Current building construction as a hospital in 1954</li><li>- Purchased by SoM and opened as SVH in 1981</li></ul>
Facilities & Land	<ul style="list-style-type: none"><li>- One 4-story building, located on one city block</li></ul>
Census	<ul style="list-style-type: none"><li>- <i>VA certified for:</i> 182 skilled nursing, 22 domiciliary</li><li>- <i>CMS certified beds:*</i> 26 Memory Care Unit, 55 Skilled Nursing</li></ul>

Michigan  
Veteran  
Homes D.J.  
Jacobetti  
(Marquette)

D.J. JACOBETTI  
HOME FOR VETERANS



# History of Michigan's State Veterans Homes

## Michigan Veteran Homes at Chesterfield Township

Michigan Veteran Homes at Chesterfield Township	
First Opened In	- 2021
Facilities & Land	<ul style="list-style-type: none"><li>- Located on 30-acre site that previously served as base housing for Selfridge Airforce Base</li><li>- Five connected buildings, which include main community center and four member neighborhood buildings</li></ul>
Census	<ul style="list-style-type: none"><li>- 128 skilled nursing beds, in private rooms</li><li>- All beds are both VA-recognized and CMS-certified</li></ul>

Michigan Veteran  
Homes at  
Chesterfield  
Township



# Michigan Veteran Homes

Issues & Challenges Faced by State Veterans Homes

**Rising Healthcare Costs**

**Changing Demographics**

**Aging Infrastructure**

# Rising Healthcare Costs

## Recent Issues & Challenges

**Healthcare costs have been and will continue to rise in the long-term care industry.**

- Genworth’s 2016 Cost of Care Survey indicates that nursing home care will continue to rise at a 5-year annual growth of between 3% (semi-private room) to 5% (private room)

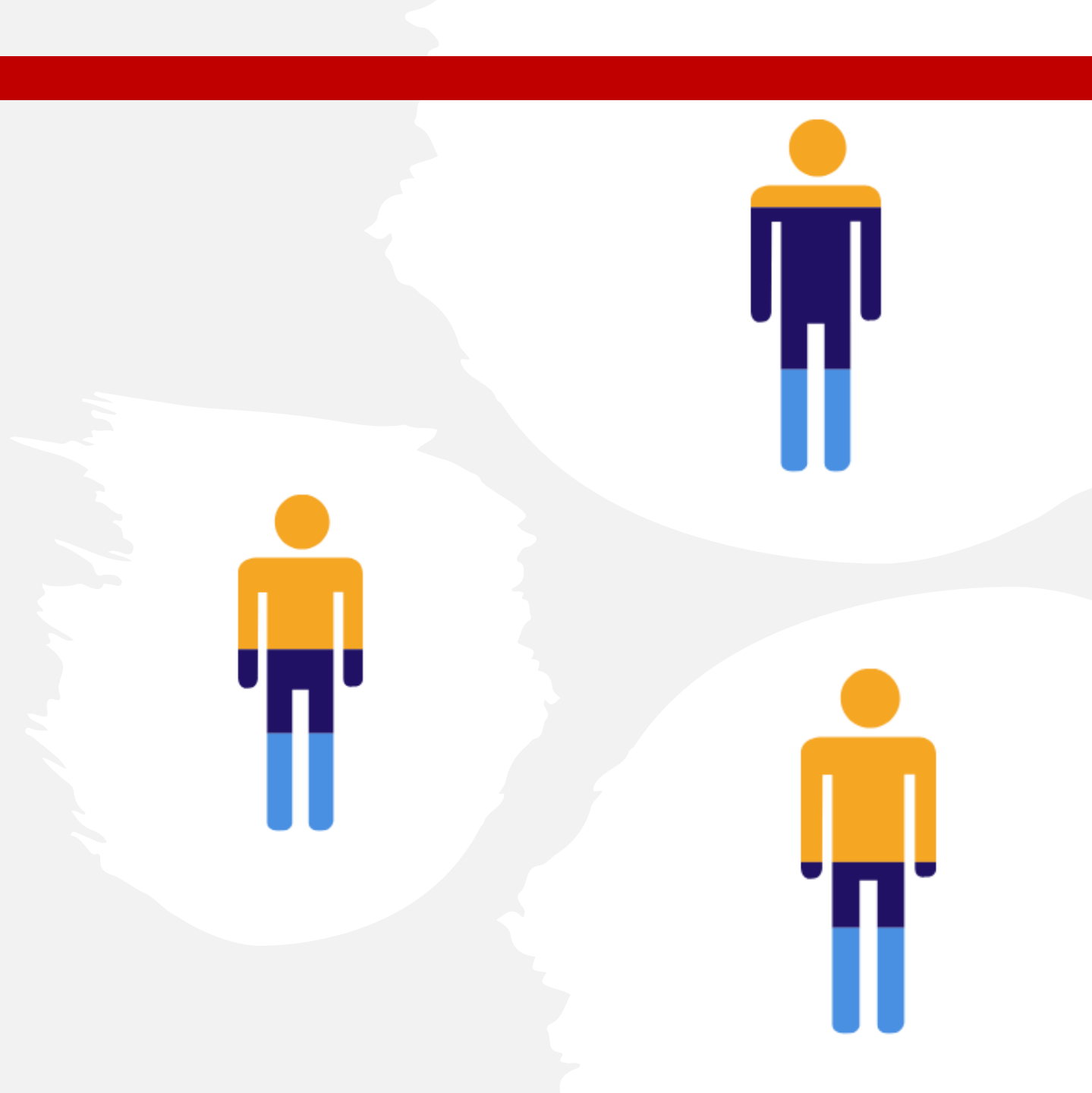
	2016	2026	2031
<b>Grand Rapids</b>			
Semi-Private Room	\$ 99,645	\$ 133,915	\$ 155,244
Private Room	\$ 110,595	\$ 148,630	\$ 172,303
<b>Detroit Area</b>			
Semi-Private Room	\$ 89,790	\$ 120,670	\$ 139,890
Private Room	\$ 94,900	\$ 127,538	\$ 147,851
<b>State Median</b>			
Semi-Private Room	\$ 91,250	\$ 122,632	\$ 142,165
Private Room	\$ 98,185	\$ 131,952	\$ 152,969



## Changing Demographics

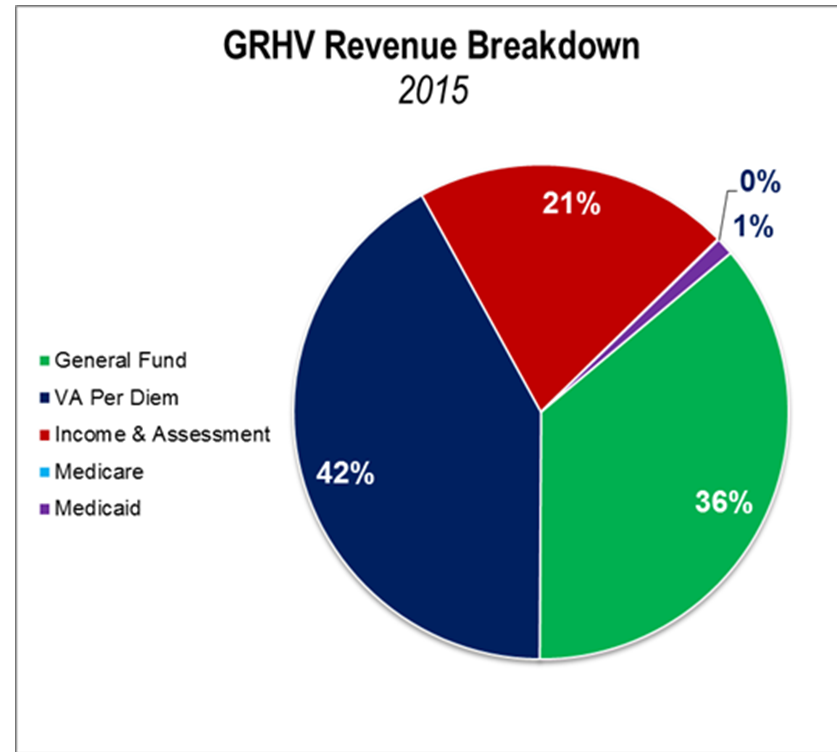
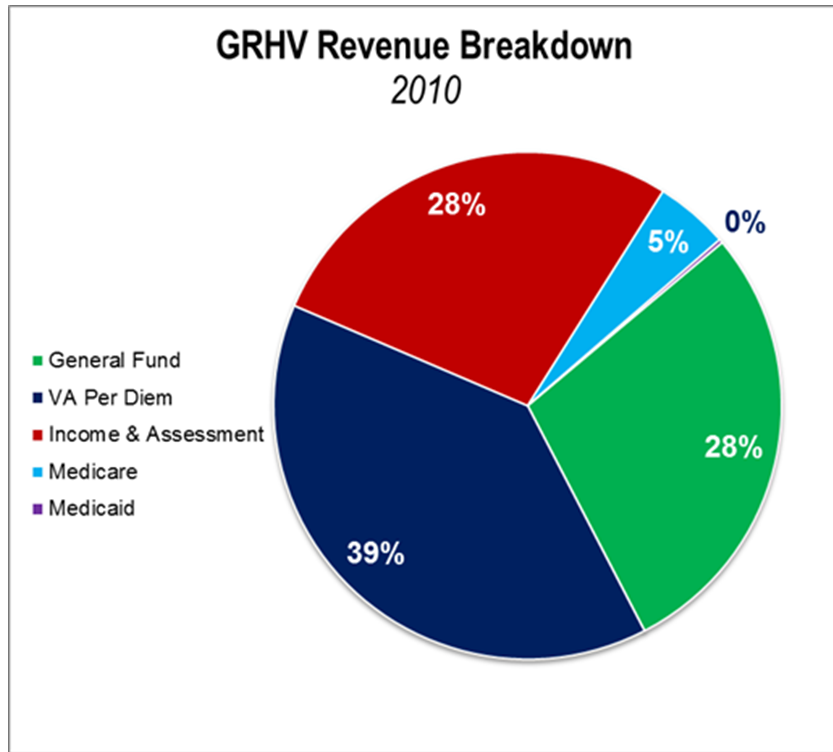
### Recent Issues & Challenges

- **Decreasing Income and Assessment revenue in last 10-15 years**
- Members ability to pay for cost of care not covered by the VA per diem steadily decreasing for the past 10-15 years
- ***Why was this an issue?*** As I&A decreased, VA per diem funding and General Fund revenue were the only revenue sources available to make up that difference



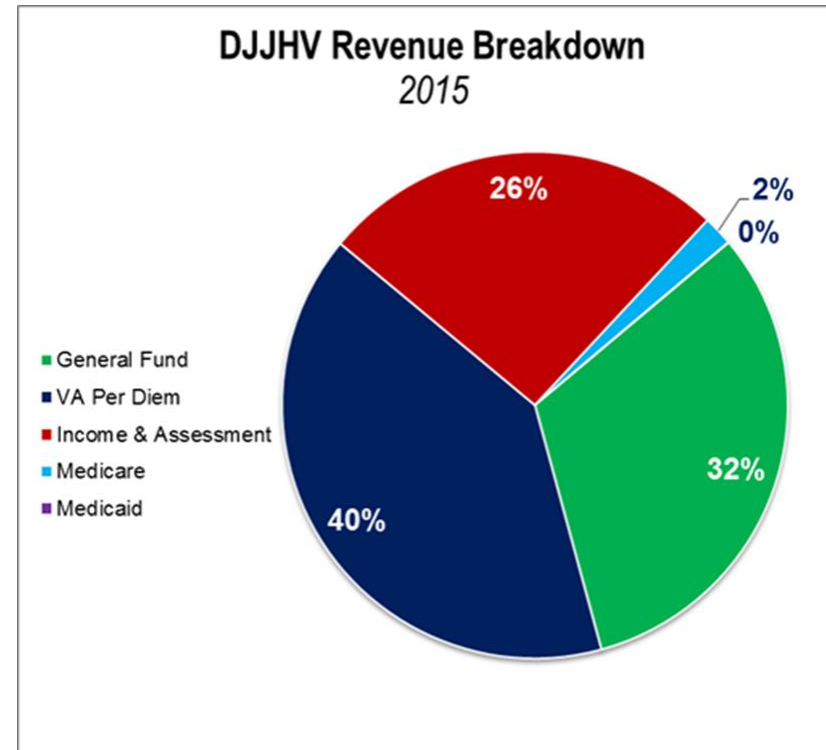
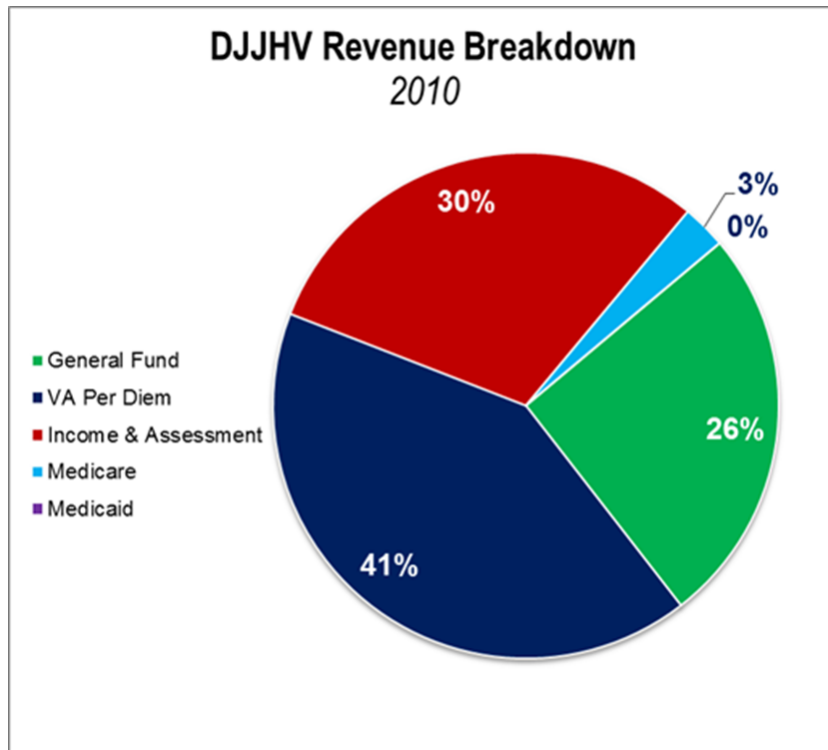
# Changing Demographics

## Decreasing Income & Assessment Revenue



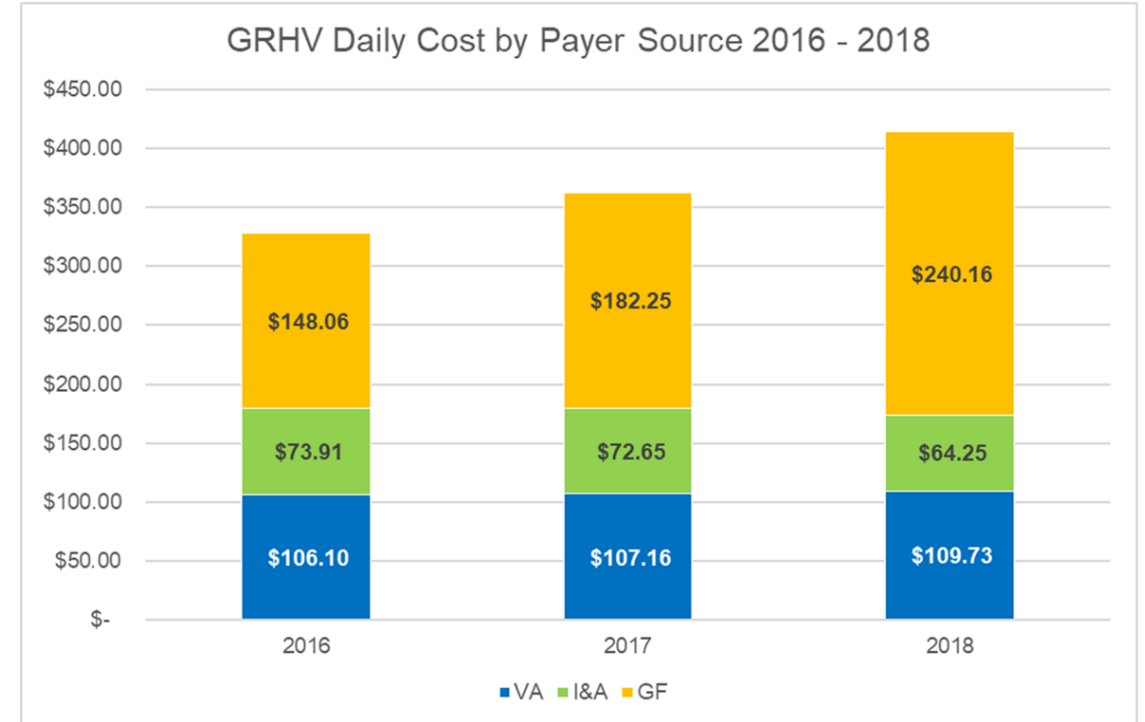
# Changing Demographics

## Decreasing Income & Assessment Revenue



## Combined Impact...

Increasing Healthcare Costs +  
Declining Income &  
Assessment Revenue



# Aging Facilities & Infrastructure

## Recent Issues & Challenges

### **Underinvestment in Preventative Maintenance and Capital Outlay**

- Historical underinvestment in facility preventative maintenance and maintaining major systems life-cycle schedules.
- *Why is this a problem?* This approach is always more expensive in the long run.

### **Facility Environment Offered Out-of-Sync with Consumer Expectations**

- Older buildings with minimal capital improvements.
- *Why is this a problem?* Inconsistencies with what prospective residents are looking for in LTC services leads to
  - Challenges attracting potential residents who have other options (causing revenue issues)
  - Challenges with maintaining consistent census (leading to staffing inefficiencies & revenue vs. expenditure issues)

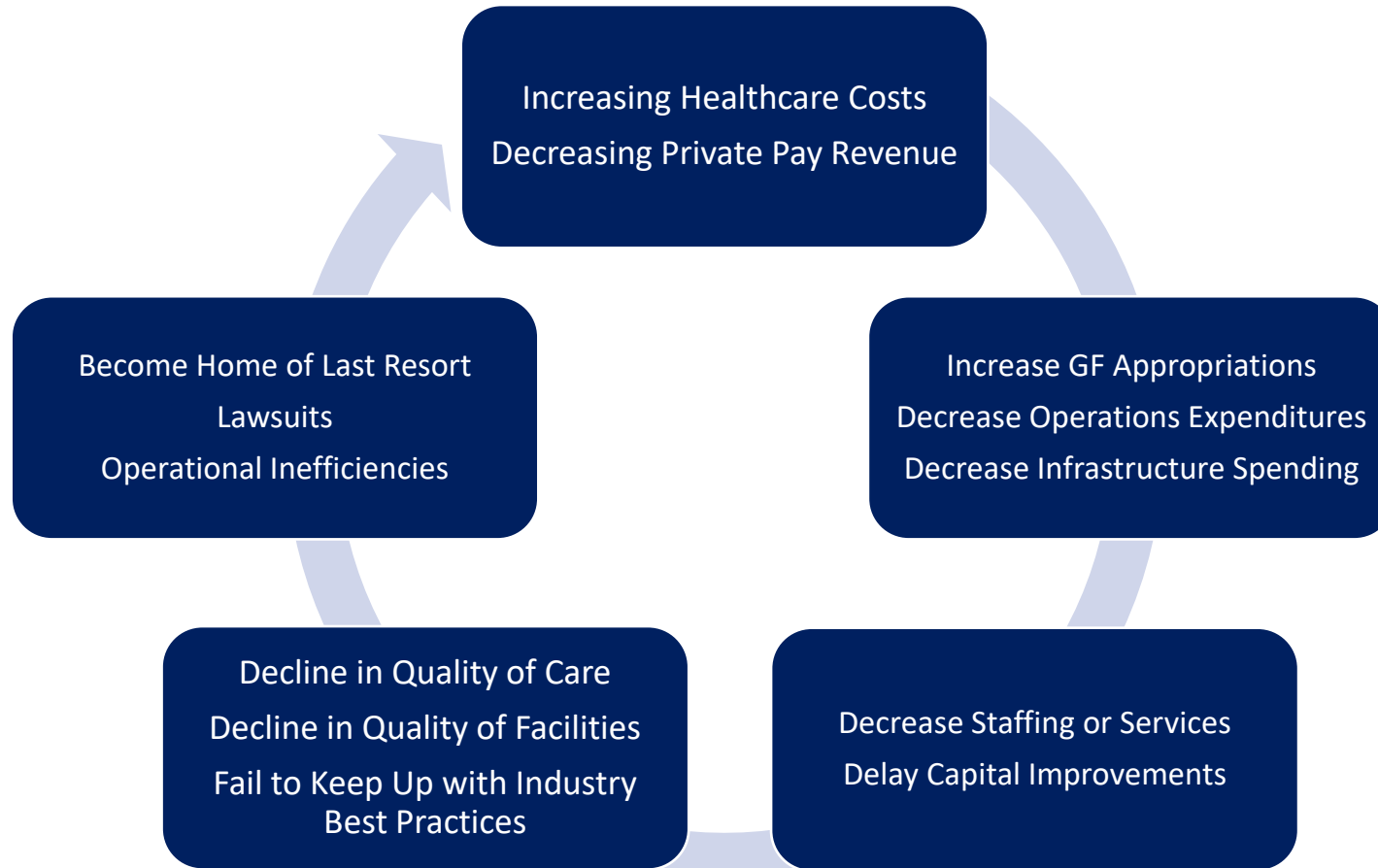
## Recent Issues & Challenges

Self-Perpetuating Cycle



# Recent Issues & Challenges

## Self-Perpetuating Cycle



# Michigan Veteran Homes

Performance Improvement & Modernization Efforts

**Facility Modernization**

**Funding/Revenue Diversification**

**Fundraising & Philanthropy Efforts**

**Adjustments in Governance & Management Structure**

**Increased Oversight & Accountability**

**Operational Quality & Efficiency Improvements**



# Facility Improvements – New Construction Performance Improvement & Modernization Efforts

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**Small Home Model**  
Home-like design, Single  
Story Construction

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## Community Center

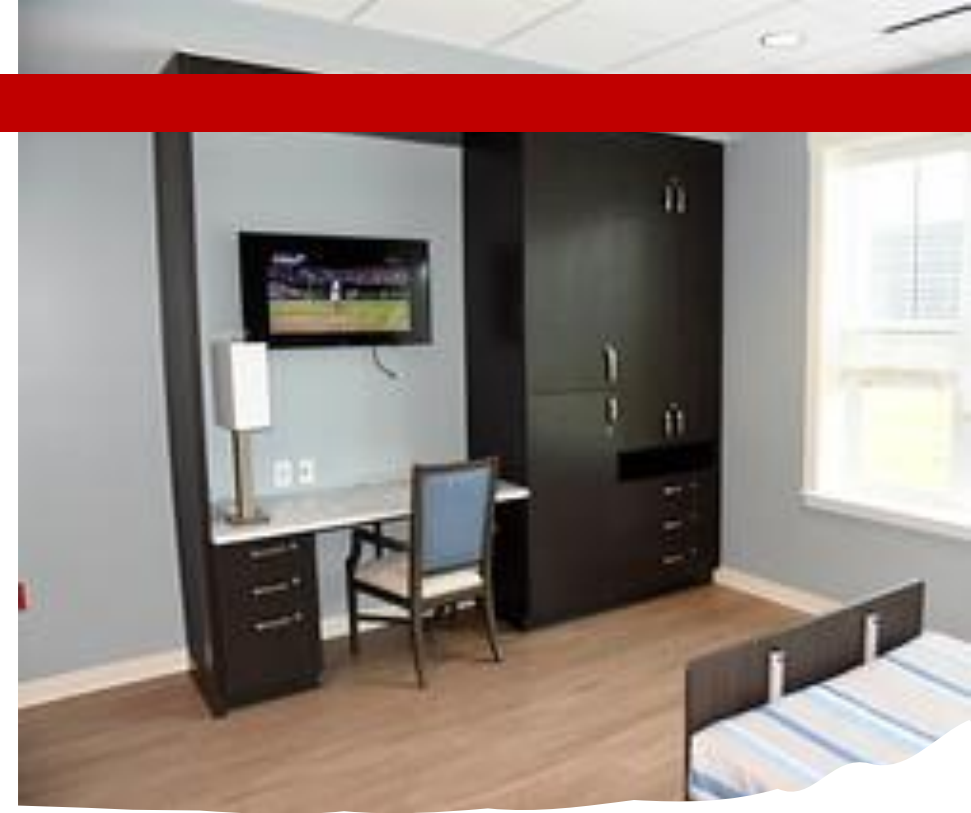
- Includes bistro, barbershop, therapy gym, and community events spaces



## Member Households

- All 16-member households have living room, den, and dining room
- Food prepared in the household and tailored, to improve member dining experience





## Resident Households

- Private rooms with en suite bathroom for all members
- Medical-grade residential fixtures and furnishings
- Two bariatric rooms/household, with in-ceiling lift

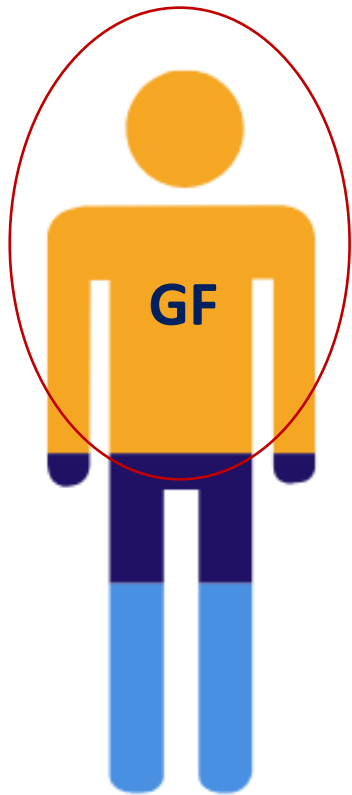


## Facility Improvements – Facility Upgrades

- At MVHDJJ, facility upgrades predominantly focused on life-safety updates
- Site security upgrades, nurse call system update, fire safety updates, door modifications

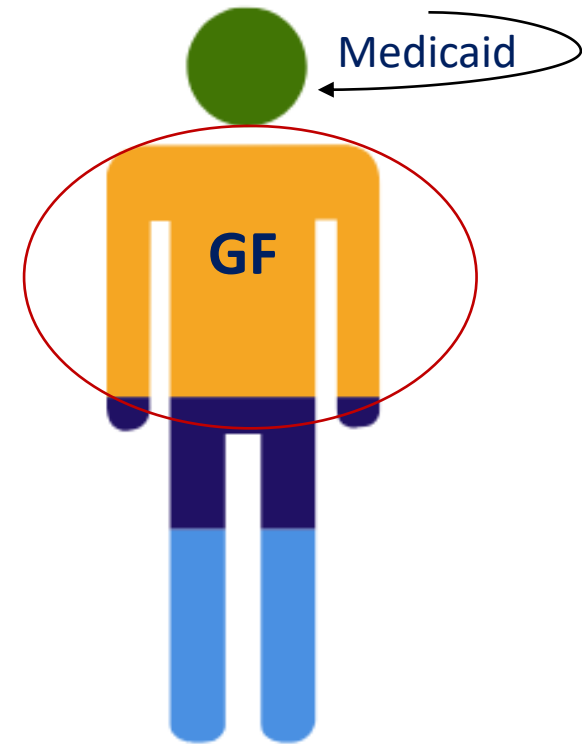
## Funding/Revenue Diversification

### Performance Improvement & Modernization Efforts



CMS revenue, in the form of Medicaid revenue, helps reduce the impact declining I&A revenue has on General Fund needs.

Medicaid funding is available for those individuals who do not have the ability to pay for their care, and is funded by a combination of federal funding (~64% in Michigan) and a state match.



## Funding/Revenue Diversification

### Fundraising & Philanthropic Efforts

Leveraging community support  
to help support our mission

- Member life enrichment, including activities, events and items for members
- Examining opportunities toward various capital improvement initiatives





# Increased Oversight & Accountability

## Including Abuse and Neglect Reporting

### **Multiple layers of public oversight for the Homes include:**

- Annual Compliance Inspections
  - VA annual inspections
  - CMS annual inspections
- Reporting & Investigation of Abuse and Neglect Allegations
  - CMS, VA, State Long-Term Care Ombudsman
- Additional Inspections related to any Facility-Reported Incidents & Licensure as SNF
- Legislative Veterans Facility Ombudsman & State Long-Term Care Ombudsman
  - Act as advocate on behalf of members, receive member complaints and perform investigations
- Audits performed by the Office of the Auditor General
- Various Other Life-Safety Related Inspections (fire safety, kitchen safety etc.)
- Legislative Reporting
- Public Reporting of Quality Measure Metrics – Available online for all CMS-certified facilities
- Inspection reports and findings are public documents, available on VA, CMS, and MVH websites.

# Adjustments in Governance & Organizational Structure

## Performance Improvement & Modernization Efforts

### **Governance:** New Legislation Establishing Veterans Facilities Authority

- **Board Membership:** Increased LTC/Healthcare experience required for board members

### **Management:** Reorganization which added centralized leadership team overseeing and coordinating operation of homes

- Focus on hiring centralized support with private-sector experience in LTC
- Including centralized positions focused on clinical compliance, quality of care, quality of life and reimbursement and business processes.
- Administrators at all 3 homes have over 50 years combined experience in skilled nursing service provision

# Operational Improvements

## Performance Improvement & Modernization Efforts

### **Quality of Care**

- Added Director of Clinical Compliance & Quality Outcomes to support all homes
- Added Quality Assurance & Performance Improvement Program and Committee at all facilities
- Incorporated quarterly review of each facility's quality measures to identify areas for performance improvement plans

### **Quality of Life**

- Added Director of Psychosocial Services and Quality of Life
- Incorporated Interdisciplinary Team approach at all facilities
- Added staff trainings focused on improving member services and quality of life (Core Dementia Training, Trauma-Informed Care)

# Operational Improvements

## Performance Improvement & Modernization Efforts

### **Financial and Business Processes**

MOU with DTMB to provide accounting services

- Developed general ledger and chart of accounts
- Includes procurement and contract negotiation
- Accounting office in each home to manage member funds, billing, vendor payments
- Increased transparency and communication
- Member Medicaid Eligibility project to ensure active benefits and timely applications
- Increased controls, separation of duties, audits, and reconciliations

# Michigan Veteran Homes

## Ongoing/Current Challenges

### Recruitment & Retention of Health Care Personnel

- Industry-wide challenges in staffing
- All MVH licensed nursing staff are state employees and wages are dictated by SOM compensation plan
- Until the recent approval to increase nursing wages, comparative wage data indicated SOM paid roughly \$3 - \$9 less than other skilled nursing competitors

### Aging Building in Marquette

- Support for improvements facilitated achievement of CMS certification of the building
- Major systems nearing end-of-life include plumbing, electrical and HVAC systems

# Questions

