



Michigan Veteran Homes Presentation to House Appropriations Subcommittee

Briefing Summary

- I. USDVA State Veteran Home Program Overview
- II. Michigan Veteran Homes Overview
- III. Recent Issues & Challenges
- IV. Performance Improvement Efforts
- V. MVH FY23 Budget – Executive Recommendation

USDVA State Veterans Homes Program Overview

Definition

State Veterans Homes are Federal-State partnerships

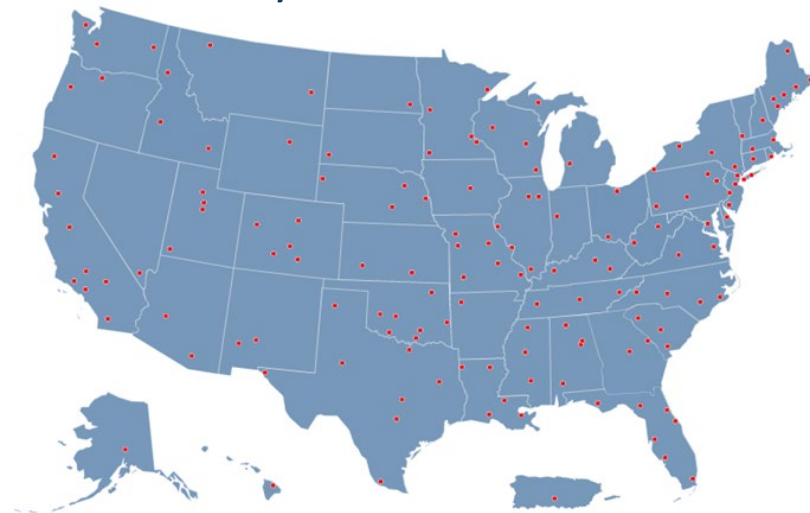
- Regulated by federal and state laws
- Must be owned & operated by the state
 - Owned = *State must own the building and the land*
 - Operated = *Must be at least one state employee providing oversight in each facility*
- Program oversight is provided by USDVA
 - Annual quality of care surveys performed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

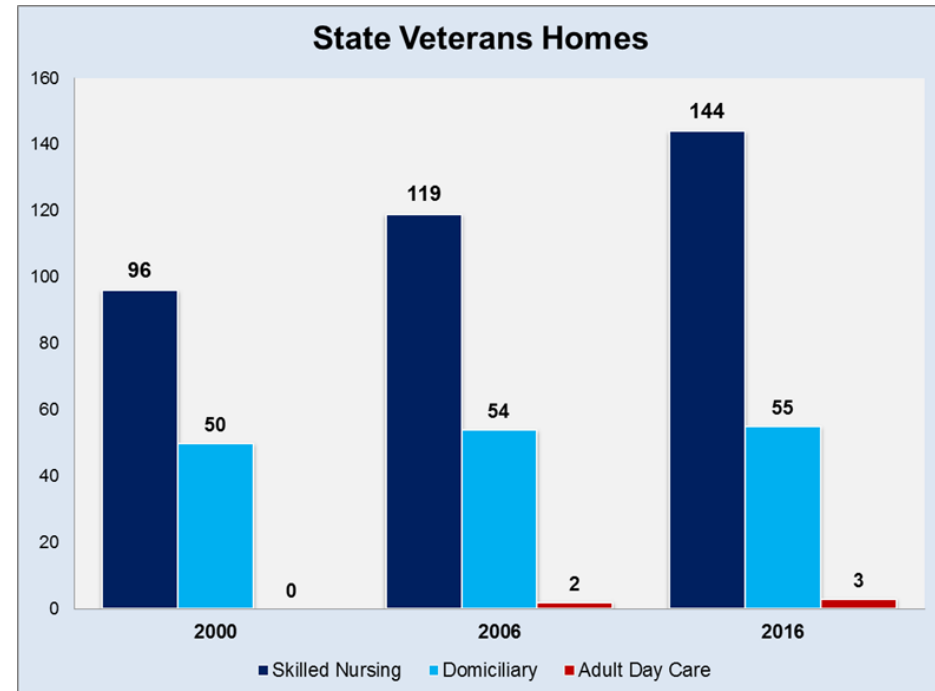
Full Daily Per Diem	Basic Daily Per Diem
<ul style="list-style-type: none"> • Veteran who has a combined service connected disability rating of 70% or more • Veteran who has a service-connected disability that the VA has specifically adjudicated to require nursing home care 	<p>All other honorably discharged veterans.</p>
<p>MVHGR: \$438.57/day MVHDJJ: \$418.28/day MVHCT: \$443.80/day</p>	<p>\$117.93/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



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



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

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">- Located on 30-acre site that previously served as base housing for Selfridge Airforce Base- Five connected buildings, which include main community center and four member neighborhood buildings
Census	<ul style="list-style-type: none">- 128 skilled nursing beds, in private rooms- All beds are both VA-recognized and CMS-certified

Michigan Veteran
Homes at
Chesterfield
Township



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.*

Michigan Veteran Homes

Recent Issues & Challenges

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.

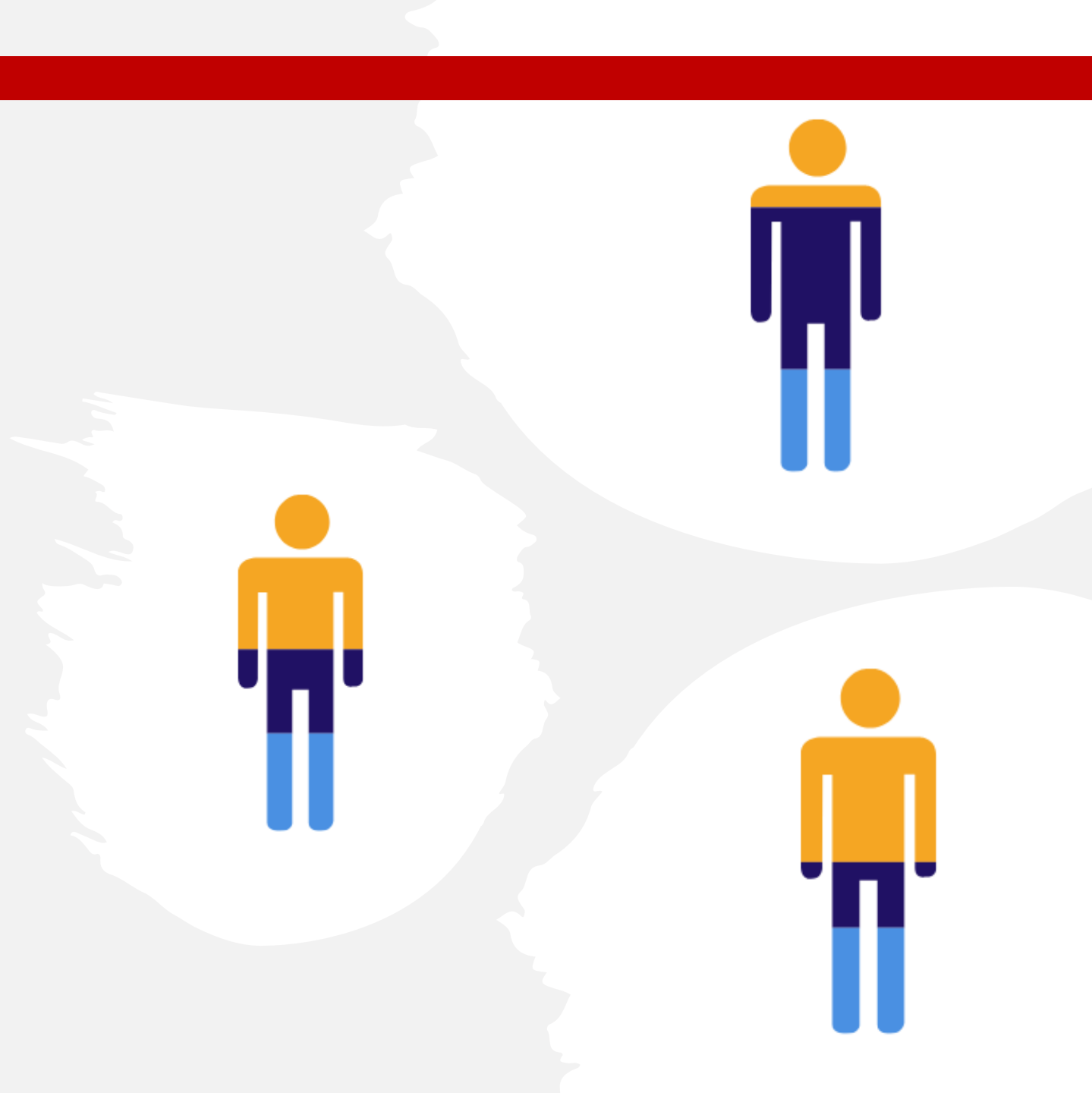
- Genworth’s 2016 Cost of Care Survey indicates that nursing home care will continue to rise at a 5-year annual growth of between 3% (semi-private room) to 5% (private room)

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

Changing Demographics

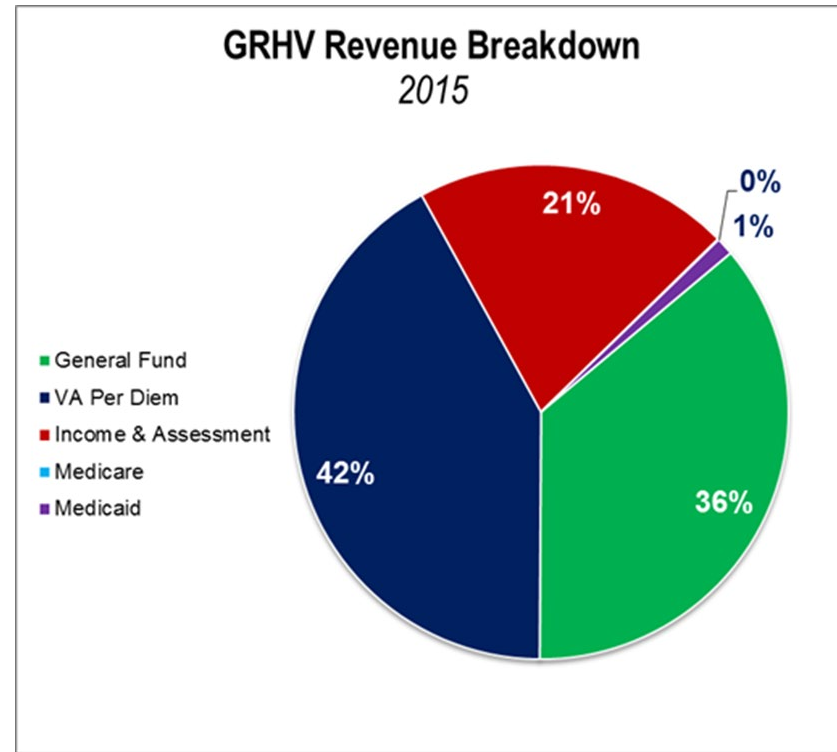
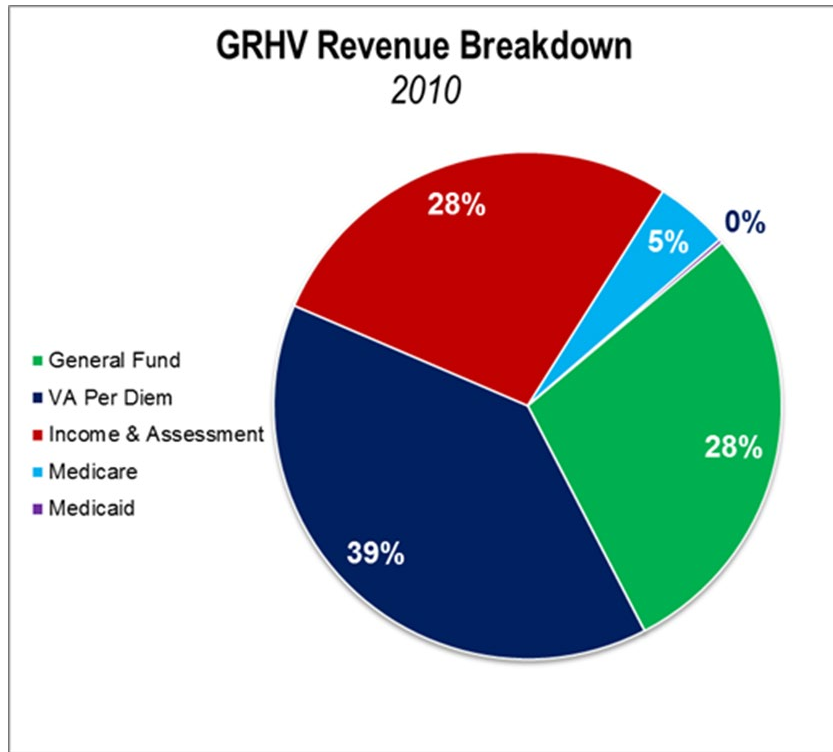
Recent Issues & Challenges

- **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



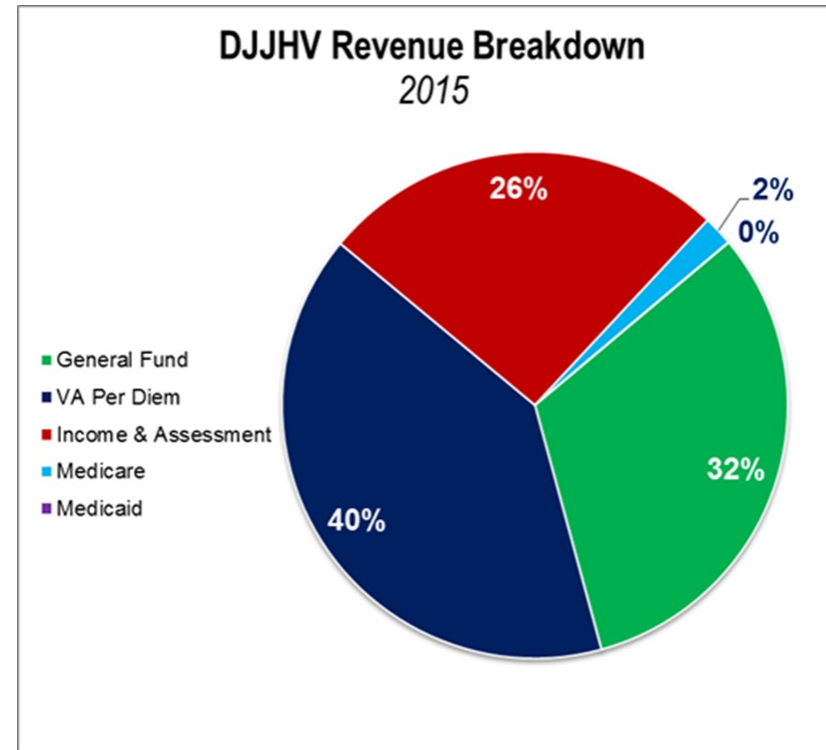
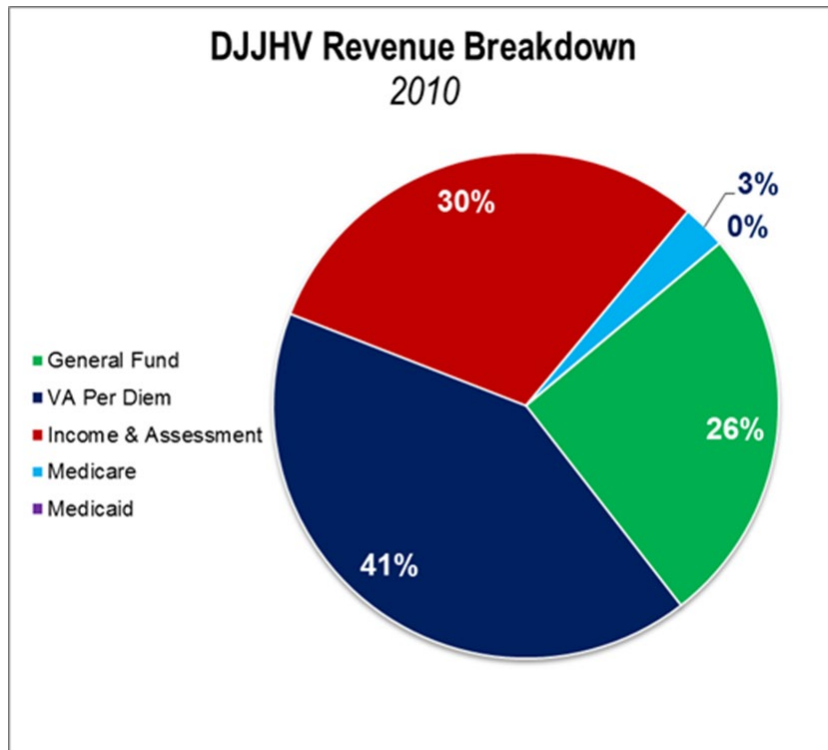
Changing Demographics

Decreasing Income & Assessment Revenue



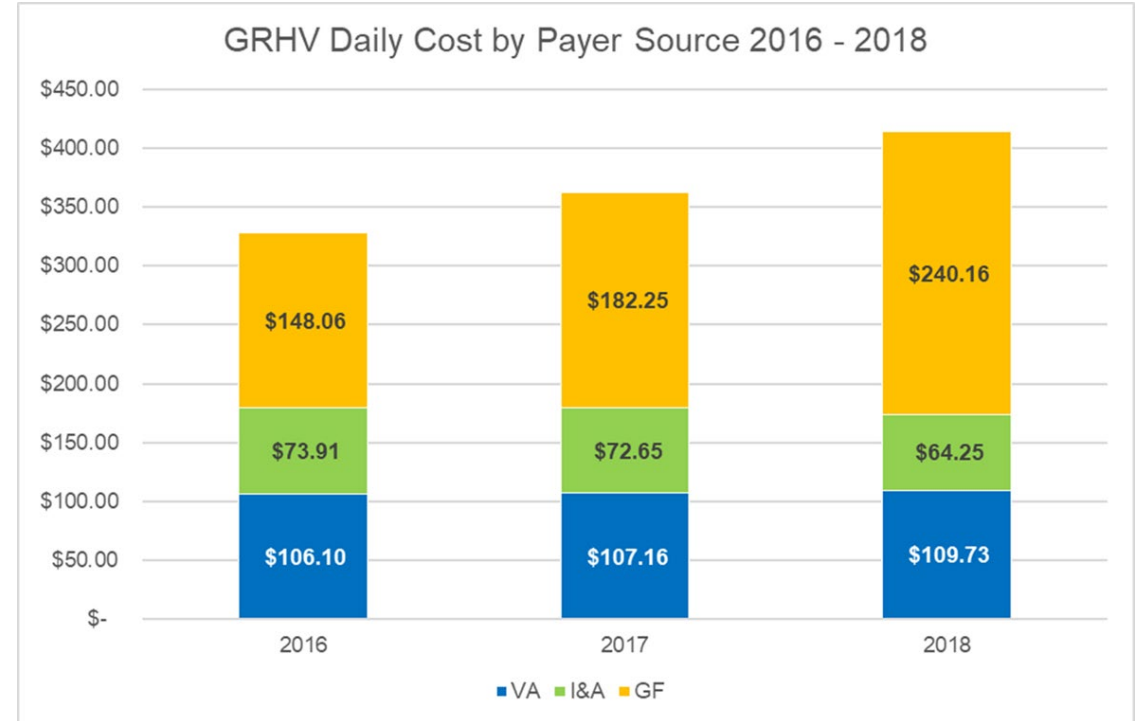
Changing Demographics

Decreasing Income & Assessment Revenue



Combined Impact...

Increasing Healthcare Costs +
Declining Income &
Assessment Revenue



Facility Issues

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)

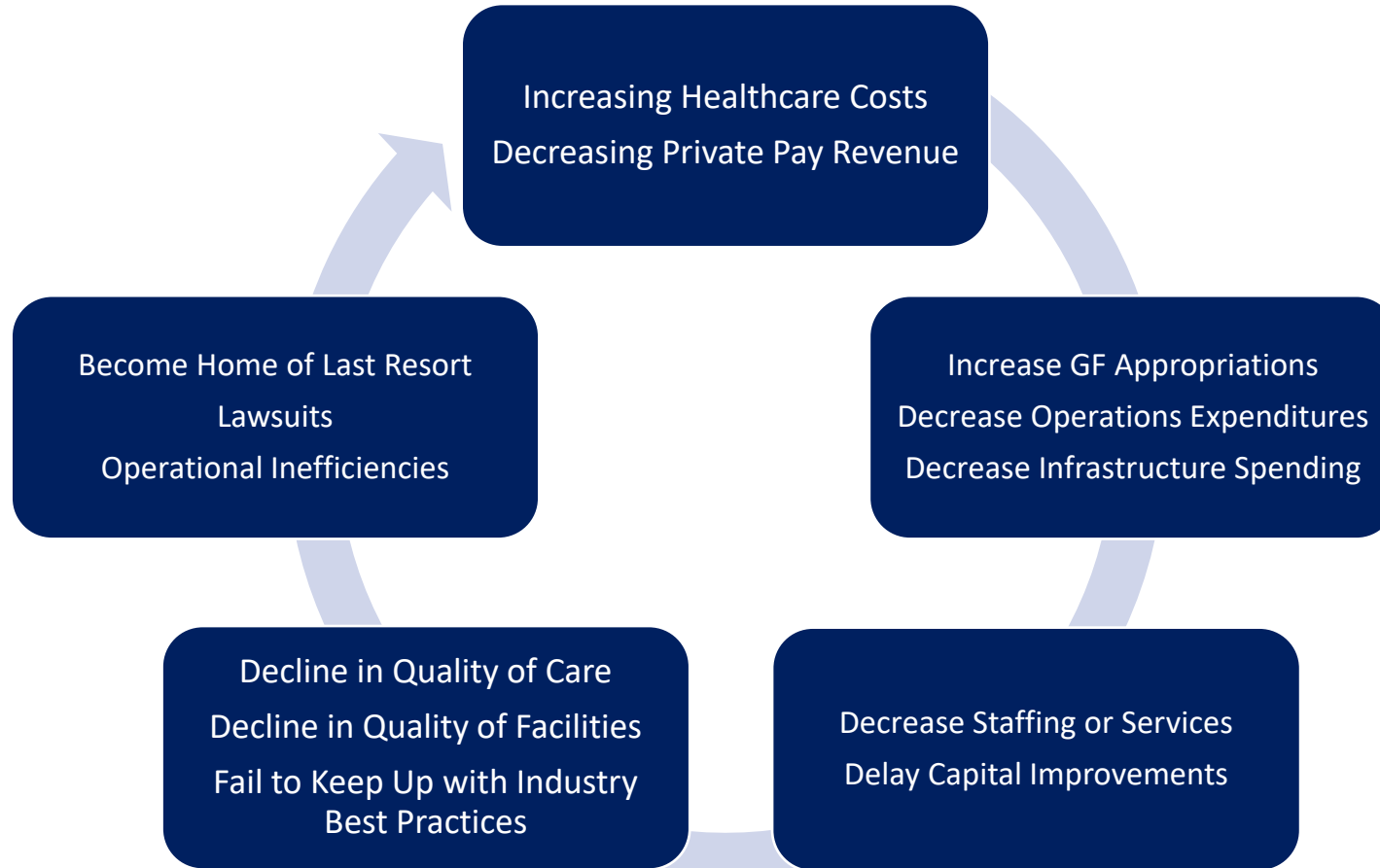
Recent Issues & Challenges

Self-Perpetuating Cycle



Recent Issues & Challenges

Self-Perpetuating Cycle



Michigan Veteran Homes

Performance Improvement & Modernization Efforts

Facility Modernization

Funding/Revenue Diversification

Adjustments in Governance & Management Structure

Increased Oversight & Accountability

Operational Quality & Efficiency Improvements

Fundraising & Philanthropy Efforts

Facility Improvements –
New Construction
Performance
Improvement &
Modernization Efforts





Small Home Model
Home-like design, Single
Story Construction

Community Center

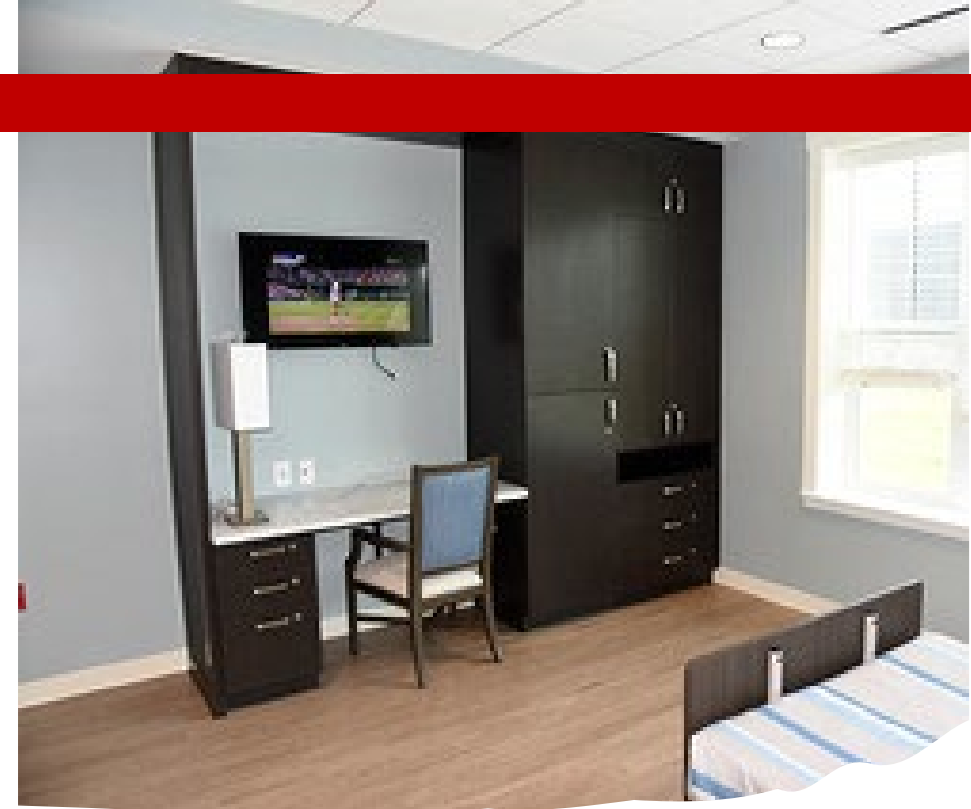
- Includes bistro, barbershop, therapy gym, and community events spaces



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
- 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 Licensed Nursing Staff

- All MVH licensed nursing staff are state employees and wages are dictated by SOM compensation plan
- Current wage data indicates we currently pay 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

Michigan Veteran Homes

FY23 Budget - Executive Recommendation

MVH	GF/GP
MVH Operations (Ongoing)	26,487,200
MVH Capital Outlay	500,000
MVFA Transition (One-Time)	6,000,000
MVH GR Operations (One-Time)	4,065,000
Total:	37,052,200

Questions

