



Legislative Fiscal Bureau

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Joint Committee on Finance

Paper #813

Veterans Home at Union Grove -- State Supplement for Residents of Assisted Living Facilities (DVA -- Homes and Facilities for Veterans)

[LFB 2005-07 Budget Summary: Page 522, #11]

CURRENT LAW

The Department of Veterans Affairs (DVA) currently operates two Wisconsin Veterans Home campuses (King and Union Grove) that provide residential care, nursing and medical services, food services, and social and counseling opportunities to veterans and dependents. The Veterans Home at Union Grove opened in 2001 and includes a 42-bed residential care apartment complex (Gates Hall) and two community-based residential facilities (Shemanske and Fairchild Halls) that provide 86 beds. Construction on a new 120-bed skilled nursing facility is also anticipated to be completed in November, 2005. Currently, 77 veterans and their dependents reside in the assisted living facilities at Union Grove.

An eligible veteran or dependent may be admitted or reside in the assisted living facilities at Union Grove only if the individual has sufficient income and resources to do so, and applies those resources to fully reimburse DVA for the cost of providing care.

DVA currently provides transitional housing, health care, federal and state veterans benefit information, education, job training, legal advice, basic financial counseling and job location assistance to persons whose need for services is based upon homelessness, incarceration, or other circumstances DVA designates by rule, under the veterans assistance program (VAP). In 2003-04, DVA expended approximately \$753,400 (\$488,100 SEG and \$265,300 FED) to provide assistance to qualifying veterans under VAP.

GOVERNOR

Provide \$93,600 GPR annually to assist indigent veterans that qualify for assistance under VAP to enable them to reside at the assisted living facilities at Union Grove. Create an annual appropriation in DVA for this purpose.

DISCUSSION POINTS

1. Currently, the average cost of providing care to an individual in the assisted living facilities at Union Grove is approximately \$2,000 per month (after deducting VA per diem payments to the facility for domiciliary care), while the average income of residents is \$1,335 per month (a difference of \$665 per month). The Governor's proposal would provide \$93,600 GPR annually, which would enable DVA to provide assistance to approximately 12 veterans in each year of the biennium, based on this difference between current monthly care costs at these facilities and veterans' income.

2. In most cases, the difference between the cost of providing care and a member's income is supported by personal assets and federal VA benefits, such as aid and attendance payments. The aid and attendance benefit is a non-service connected VA pension that is available to certain war-time veterans who meet certain eligibility criteria. Currently, the maximum aid and attendance benefit that a veteran can receive is \$1,412 per month. Approximately 80% of the veterans residing at the Veterans Home at Union Grove qualify for this benefit. Of the 77 residents at Union Grove, it could be assumed that 15 assisted living facility residents (20%) would not qualify for the aid and attendance benefit

3. In its 2005-07 budget submission, DVA requested \$250,000 GPR annually to assist approximately 32 veterans in each year. DVA indicates that, since August, 2001, 16 individuals have been denied admittance to the assisted living facilities at Union Grove because they did not have sufficient financial resources to reside at the home. Further, DVA has discouraged many more individuals from applying for admittance after determining, through its pre-admission screening process, that these veterans' income would likely be insufficient to meet the financial requirements to reside at the Union Grove facilities.

4. The assisted living facilities at Union Grove currently have the capacity to provide care for 128 veterans and their dependents. The assisted living facilities are currently 60.2% occupied; however, Gates Hall, the 42-bed residential care apartment complex, did not open until September, 2004. The occupancy rate of the community-based residential facilities was 77% at the beginning on 2004-05. If the same occupancy rate were applicable to Gates Hall, then it would be reasonable to assume that approximately 100 veterans would reside at Union Grove in the 2005-07 biennium.

5. The U.S. Department of Veterans Affairs estimates that approximately 26% of Wisconsin's veteran population over the age of 60 will be classified as non war-time veterans in 2005-07 and; therefore, would not qualify for aid and attendance benefits. Since 26% of the projected 100 residents of the Union Grove assisted living facilities would likely require assistance

to reside at the home, the Committee could provide \$207,500 GPR annually, rather than \$93,600 GPR annually, to support 26 indigent veterans to reside in the assisted living facilities at Union Grove annually.

6. Since January, 2005, DVA has expended approximately \$260 per month, in total, from the veterans trust fund to supplement care for indigent veterans at Union Grove. DVA has proposed a rule, which has not yet been approved by Legislature, which would, in part, limit expenditures from the veterans trust fund loans and aids to veterans appropriation, to provide financial assistance to veterans with insufficient income to reside in assisted living facilities operated by DVA, to \$70,000 in each fiscal year.

7. The veterans trust fund currently supports a number of benefit programs, including the VAP, to assist needy veterans. This supplement for residents of the assisted living facilities at Union Grove would be part of VAP. Further, DVA is currently using trust fund revenues to support supplements for residents at Union Grove. The Committee may wish to support any increase in supplements to support the care needs of indigent veterans with revenue from the trust fund, rather than with GPR.

8. There may not be sufficient revenues in the trust fund to support an increase in supplements to these veterans. DVA estimates that the current cash balance in the veterans trust fund will be depleted in 2006-07 if no changes are made. DVA has established a 10-year solvency plan to extend the available cash balances in the fund through 2012-13. Any additional expenditures that the Legislature approves from the veterans trust fund could potentially affect this solvency plan.

9. Individuals who do not have sufficient income to reside at the assisted living facilities at Union Grove could be treated similarly to other low-income individuals who receive care under the state's medical assistance (MA) program. Individuals who meet the financial and functional eligibility requirements for MA are entitled to skilled nursing facility care and could receive services in any number of facilities across the state. Further, MA-eligible individuals are entitled to receive fee-for-service benefits while waiting to obtain a home- and community-based waiver slot. Although the MA waiver programs do not pay for room and board costs, individuals are permitted to retain a greater share of their income to pay for living expenses in the community than they would be permitted to retain in an institutional facility. It is not known what percentage of veterans at Union Grove would meet the nursing home level of care or financial requirements to qualify for MA.

10. However, providing care to these veterans in a nursing home, under MA, would be more costly to the state than supporting a GPR supplement to permit the individuals to reside in an assisted living facility at Union Grove. This is the case because nursing home care, in general, is more costly than community-based care and the veterans homes are eligible to receive federal VA per diem payments for care provided in veterans facilities that are not available to other nursing homes. For instance, if a resident of an assisted living facility at Union Grove required two hours per week of skilled nursing facility care, then the VA per diem payment would be approximately

\$847.50 and the average monthly cost of care in the assisted living facilities at the veterans home would be \$2,847.50 per month in 2005. The GPR supplement that the administration is recommending is approximately \$665 per month. In 2004-05, MA payments to the Wisconsin Veterans Home at King for care provided to nursing home residents are projected to total approximately \$26.7 million or \$125.53 per patient day. This equates to a monthly cost of \$3,289 (\$1,596 GPR and \$2,233 FED) in 2004-05 for each nursing home resident supported by MA at a Veterans Home.

ALTERNATIVES

1. Approve the Governor's recommendations.

2. Modify the bill by increasing funding by \$115,100 GPR annually to reflect the projected need for assistance among indigent veterans to enable them to reside at the Wisconsin Veterans Home at Union Grove.

<u>Alternative 2</u>	<u>GPR</u>
2005-07 FUNDING (Change to Bill)	\$230,200

3. Modify the bill by reducing funding by \$93,600 GPR annually and increasing funding by \$93,600 SEG annually to use segregated revenues from the veterans trust fund, rather than GPR, to support the state supplements to residents of the assisted living facilities at the Veterans Home at Union Grove.

<u>Alternative 3</u>	<u>GPR</u>	<u>SEG</u>	<u>TOTAL</u>
2005-07 FUNDING (Change to Bill)	-\$187,200	\$187,200	\$0

4. Modify the bill by increasing funding by \$115,100 (-\$93,600 GPR and \$208,700 SEG) annually to reflect: (a) the projected need for assistance among indigent veterans that qualify for assistance under the VAP to enable them to reside at the Wisconsin Veterans Home at Union Grove; and (b) the use of segregated revenues from the veterans trust fund, rather than GPR, to support the state supplements to residents of the assisted living facilities at the Veterans Home at Union Grove.

<u>Alternative 4</u>	<u>GPR</u>	<u>SEG</u>	<u>TOTAL</u>
2005-07 FUNDING (Change to Bill)	-\$187,200	\$417,400	\$230,200

5. Delete provision.

<u>Alternative 5</u>	<u>GPR</u>
2005-07 FUNDING (Change to Bill)	- \$187,200

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