



Legislative Fiscal Bureau

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Joint Committee on Finance

Paper #854

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

Bill Agency

[LFB 2007-09 Budget Summary: Page 588, #10]

CURRENT LAW

DVA Assisted Living Facilities. 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. An eligible veteran or dependent may be admitted or reside in these assisted living facilities 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.

State Subsidies for Indigent Individuals to Reside in the Assisted Living Facilities. 2005 Wisconsin Act 25 (the 2005-07 biennial budget act) provided \$208,700 SEG annually from the veterans trust fund to provide subsidies to indigent individuals who otherwise would not be able to pay the required member contribution toward the cost of care in DVA's assisted living facilities.

GOVERNOR

Provide \$104,300 GPR in 2007-08 and \$208,700 GPR in 2008-09 to increase funding available to subsidize the costs of caring for indigent veterans at assisted living facilities at Union Grove. Create a GPR annual appropriation to support these costs.

DISCUSSION POINTS

1. Funding for the subsidies is provided on a first come, first served basis. The amount of the subsidy varies for each individual, depending on the level of assistance required (higher levels of care increase the cost per month) and the amount of personal resources that the individual has available to contribute to the cost of care (including income from SSI payments and federal VA benefits, such as aid and attendance payments). The amount of the subsidy an individual receives is determined by the difference between the individual's estimated income and the estimated cost of his or her care.

2. In 2005-06, 18 members received subsidies totaling \$98,300. To date, 18 individuals have received subsidies totaling \$140,800 in 2006-07. For 2006-07 to date, the average per person, per month subsidy has been \$992 (\$11,900 per person per year).

3. The Governor's bill would double the total amount of funding that would be available for subsidies by 2008-09. Based on this average subsidy award, the funding provided under the bill would enable DVA to provide assistance to approximately nine additional veterans in 2007-08 and 17 in 2008-09, in addition to those individuals currently supported with base funding. When base funding is included, subsidies would allow Union Grove to serve as many as 26 members in 2007-08 and potentially 35 members in 2008-09. The number of members served could vary depending on the cost of care for each applicant, and their available resources.

4. The assisted living facilities at Union Grove currently have the capacity to provide care for 128 veterans and their dependents. These facilities had a March, 2007, census of 110, for an occupancy rate of 86%. Depending on the number and need of applicants, the funding provided under the bill may be sufficient to enroll enough new lower-income members to help the assisted living facilities reach full occupancy.

5. In the absence of the availability of state subsidies, individuals who do not have sufficient income to reside at the assisted living facilities at Union Grove would 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 nursing home that accepts MA recipients. 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-covered nursing home services.

6. Providing care to these veterans in a nursing home, under MA, would be more costly to the state than supporting a supplement to permit the individuals to reside in an assisted living facility at Union Grove 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 \$900 and the average monthly cost of care in the assisted living facilities at the veterans home was approximately \$3,000 per month in 2006. When other sources of personal income, such as supplemental security income (SSI), and federal VA payments, is considered, the average subsidy needed has been approximately \$1,000 per person, per month. For comparison, in 2006-07, MA payments to the Wisconsin Veterans Home at King for care provided to nursing home residents are projected to total approximately \$38.5 million or \$125.96 per patient day. This equates to a monthly cost of \$3,840 (\$1,632 GPR and \$2,208 FED) in 2006-07 for each nursing home resident supported by MA at a Veterans Home. From this perspective, it may be more cost effective to provide a subsidy to support the individual in the Union Grove facility if they otherwise would have been eligible for nursing home care under MA.

7. As base funding for the subsidy program is currently supported by the veterans trust fund, it may be reasonable to fund the program's expansion from the same source in order to reduce the state's GPR commitments. The Committee could chose to provide the amount of funding included under the bill from the current SEG appropriation that supports the veterans assistance program, rather than fund subsidies from both SEG and GPR.

8. However, in light of the current projected long-term structural imbalance between revenues to, and expenditures from the veterans trust fund, the Committee may wish to fund a greater share of the program's costs with GPR. The Committee could either: (a) delete the Governor's proposed funding increase and replace base SEG funding with GPR; or (b) fund the subsidy program, at the Governor's recommended level, entirely with GPR.

9. Finally, in light of current GPR funding needs and concerns over the long-term structural imbalance between revenues and expenditures from the veterans trust fund, the Committee could choose not to expand the subsidy program at this time and delete the Governor's provision from the bill.

ALTERNATIVES TO BILL

1. Approve the Governor's recommendation to provide \$104,300 GPR in 2007-08 and \$208,700 GPR in 2008-09 to increase funding for subsidies, and create a GPR annual appropriation to support these costs. The subsidy program would be funded from both GPR and the existing SEG funded base.

ALT 1	Change to Bill Funding	Change to Base Funding
GPR	\$0	\$313,000

2. Delete the Governor's provision (-\$104,300 GPR in 2007-08 and -\$208,700 GPR in 2008-09. Instead, provide \$104,300 SEG in 2007-08 and \$208,700 SEG in 2008-09 from the

veterans trust fund to increase funding for the subsidy program for indigent veterans at assisted living facilities at Union Grove. Delete the provision under the bill that would create a GPR annual appropriation for these costs.

ALT 2	Change to Bill Funding	Change to Base Funding
GPR	- \$313,000	\$0
SEG	<u>313,000</u>	<u>313,000</u>
Total	\$0	\$313,000

3. Do not approve the Governor's recommendation. Rather, delete base funding for the subsidy program (-\$208,700 SEG annually from the veterans trust fund); and (b) provide a corresponding amount of GPR for the program (\$208,700 GPR annually). Under this alternative, the program would be funded at its current level, but supported entirely with GPR funds.

ALT 3	Change to Bill Funding	Change to Base Funding
GPR	\$104,400	\$417,400
SEG	<u>- 417,400</u>	<u>- 417,400</u>
Total	- \$313,000	\$0

4. Delete all SEG base funding for the program (-\$208,700 SEG annually). Provide \$313,000 GPR in 2007-08 and \$417,400 GPR in 2008-09. Under this alternative, the program would be funded at the Governor's recommended level (\$313,000 in 2007-08 and \$417,400), but the program would be entirely supported with GPR.

ALT 4	Change to Bill Funding	Change to Base Funding
GPR	\$417,400	\$730,400
SEG	<u>- 417,400</u>	<u>- 417,400</u>
	\$0	\$313,000

5. Delete provision.

ALT 5	Change to Bill Funding	Change to Base Funding
GPR	- \$313,000	\$0

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