



Legislative Fiscal Bureau

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Joint Committee on Finance

Paper #812

Veterans Home at King -- Direct Care Staff and Supplies and Services (DVA -- Homes and Facilities for Veterans)

[LFB 2005-07 Budget Summary: Page 520, #3]

CURRENT LAW

The Department of Veterans Affairs (DVA) currently operates two veterans homes, the veterans home at King in Waupaca County and the veterans home at Union Grove in Racine County, that provide residential care, nursing and medical services, food services, and social and counseling opportunities to veterans and dependents. The Veterans Home at King currently has 721 licensed beds and 28 domiciliary beds. The Veterans Home at King has an adjusted base budget of \$44,435,100 PR and is authorized 696.39 full-time equivalent positions in 2004-05.

GOVERNOR

Provide \$1,423,400 PR in 2005-06 and \$1,704,400 PR in 2006-07, and 33.0 positions, beginning in 2005-06, to support additional direct care staff and an increase in supplies and service costs at the Wisconsin Veterans Home at King.

Direct Care Staff. Provide \$956,000 in 2005-06 and \$1,261,600 in 2006-07 and 33.0 positions, beginning in 2005-06, to support: (a) 8.0 full-time licensed practical nurses (LPNs) and 8.0 half-time LPNs (\$416,900 in 2005-06 and \$551,000 in 2006-07); and (b) 14.0 full-time certified nursing assistants (CNAs) and 14.0 half-time CNAs (\$539,100 in 2005-06 and \$710,600 in 2006-07). These positions would be provided to: (a) meet increased staffing needs due to higher acuity levels among residents; (b) prevent a reduction in the quality of care residents receive; and (c) limit the use of mandatory overtime.

Supplies and Services. Provide \$467,400 in 2005-06 and \$442,800 in 2006-07 to increase funding for supplies and services. DVA would use the funding to: (a) purchase

additional equipment to care for and move persons with disabilities, including bariatric tubs, patient lifts, over-sized wheelchairs, and high/low hospital beds; (b) replace older capital equipment, including portable medical oxygen systems; (c) purchase additional incontinent supplies; (d) support regular maintenance services, such as exterior window cleaning; and (e) increase contracted nursing, pharmacist and occupational therapist services.

DISCUSSION POINTS

Direct Care Staffing

1. The Veterans Home at King includes 721 licensed beds located in four separately licensed nursing facilities: Ainsworth Hall (205 beds), MacArthur Hall (116 beds), Olson Hall (200 beds), and Stordock Hall (200 beds). Currently, there are 720 veterans and their dependents residing in these nursing facilities. During the past several years, the occupancy rate at these facilities was nearly 100%. The number of nursing home residents at King is not likely to change significantly in the future.

2. On average, the residents at King have lower level of care needs than nursing home residents statewide. Table 1 identifies the relative distribution of residents at King as compared to statewide residents by level of care, in calendar year 2004.

TABLE 1

**Nursing Home Residents by Level of Care
Calendar Year 2004**

	Case Mix Weight <u>Under MA</u>	Percent of Patient <u>Days by Level of Care</u>	
		<u>King</u>	<u>Statewide</u>
Intensive Skilled Nursing (ISN)	1.30	1.5%	4.8%
Skilled Nursing Facility (SNF)	1.00	69.5	88.5
Intermediate Care 1 (ICF 1)	0.70	26.2	6.5
Intermediate Care 2 (ICF 2)	0.50	2.8	0.1
Case Mix Index (MA)		0.91	0.99
Case Mix Index (Medicare)		0.64	0.78

3. The table indicates that the Veterans Home at King has a greater proportion of its residents that require lower levels of care than the statewide average. Based on Wisconsin's medical assistance (MA) reimbursement levels, King would have a case mix index of 0.91, which is 8% lower than the case mix of 0.99 statewide. Since the SNF category contains a broad range of care levels and such a large proportion of residents are in this category, a more accurate measure of care

levels is provided by the Medicare system. Under the Medicare system, which is based on 44 different categories of care, King would have a case mix index of 0.64, which is 17.9% lower than the statewide average. Residents with lower level of care needs should require less staff time than residents with higher level of care needs.

4. DVA indicates that additional staff are needed, in part, due to rising acuity levels among residents. A review of the case mix index at King, under Wisconsin's MA reimbursement methods, shows that the case mix index remained unchanged in 2001, 2002, and 2003 at 0.90. A review of changes in King's case mix index under the Medicare system indicates that the acuity levels at King have not risen from January, 2001 thru January, 2004. The case mix index under Medicare principals in January, 2001, was 0.65. In January, 2004, the case mix index was 0.64.

5. Under state law, nursing homes that do not primarily serve the developmentally disabled are required to provide a minimum number of hours of care by registered nurses (RNs), licensed practical nurses (LPNs), and certified nurse's assistants (CNAs). These standards, which vary based on level of care, are as follows: (a) 3.25 hours per day (0.65 of which must be provided by an RN or LPN) for residents at the ISN level of care; (b) 2.5 hours per day (0.5 of which must be provided by an RN or LPN) for residents at the SNF level of care; and (c) 2.0 hours per day (0.4 of which must be provided by an RN or LPN) for residents at the ICF 1 or 2 levels of care.

6. Every nine to 15 months, DHFS' Bureau of Quality Assurance (BQA) is required to survey each of these nursing homes. Part of the survey process includes a report on the number of nursing staff hours provided over the two-week period just prior to when the survey was conducted. These surveys include a check to determine whether or not the reported hours meet the state's minimum required hours for staffing. In total, the nursing facilities at King had a nurse staffing percentage equal to 107.5% of the state's minimum requirements in January, 2004 and 105.9% in January, 2003. These staffing percentages can be compared to the statewide percentages for nursing facilities. The average percentage of the minimum nursing staffing hours statewide in December, 2003, was 144%, or 34% higher than that of the veterans home at King. These lower staffing percentages can be explained, in part, by the lower acuity level of residents at the veterans' home than in nursing homes statewide.

7. Table 2 lists the number of nurses and nurse's aides hours per resident per day for each of the four facilities at King and provides a comparison to the average statewide and the average nationwide. The nursing staff to resident ratios in each veterans nursing facility are considerably lower in every category than both the statewide and the nationwide averages. Again, these lower staffing ratios can be explained, in part, by the lower acuity level of residents at King.

TABLE 2

**Number of Nurses and Nurse Aides Hours Per Resident Per Day
as Reported Through April 15, 2005**

<u>Nursing Facility</u>	<u>Number of Residents</u>	<u>Number per Resident</u>			<u>Total</u>
		<u>RN</u>	<u>LPN</u>	<u>CNA</u>	
Ainsworth	204	0.39	0.20	1.95	2.54
MacArthur	116	0.45	0.66	2.19	3.30
Olson	198	0.37	0.37	1.79	2.53
Stordock	193	0.45	0.36	1.83	2.64
Statewide Average	87.9	0.70	0.50	2.40	3.60
National Average	89.6	0.70	0.80	2.40	3.90

Source: Medicare.gov nursing home compare site

8. Since King has a case mix index under Medicare of 0.64 as compared to 0.78 for facilities statewide, the Committee may wish to support staffing at King to meet 82% (0.64/0.78) of the statewide nursing staff to resident ratios. This would require the addition of 40.0 nursing staff, beginning in 2005-06. However, these staffing ratios reflect actual hours of care that are provided so that the Committee should consider the number of positions that are authorized at DVA but that are currently vacant. As of February, 2005, there were 40.0 vacant nursing positions at King. DVA could fill the existing, vacant positions, to meet the case-mix adjusted statewide nursing staff to resident ratios.

9. The administration also indicates the need for additional staff and funding to prevent a reduction in the quality of care that residents receive. A review of inspections and complaint investigations from December, 2003, through the end of February, 2005, indicates that three of the veterans facilities were found to have health deficiencies that exceeded the statewide average and two of the veterans facilities were found to have health deficiencies that met or exceeded the nationwide average number of deficiencies. Table 3 lists the number of federal deficiencies and a description of each citation. Federal deficiencies are categorized according to the level of harm and the proportion of residents who were, or could have been, affected. Federal deficiencies use a scale of 1 to 4 for gauging level of harm, with 1 representing the least amount of harm and 4 representing the highest level of harm.

TABLE 3

**Nursing Home Survey Results -- Veterans Home at King
December 1, 2003 thru February 28, 2005**

	<u>Ainsworth</u>	<u>MacArthur</u>	<u>Olson</u>	<u>Stordock</u>
Deficiency 1				
Description	Mistreatment	Quality of Care	Quality of Care	Quality Care
Level of Harm	2	2	2	4
Residents Affected	Some	Few	Few	Few
Deficiency 2				
Description	Quality of Care	Resident Rights	Quality of Care	Quality of Care
Level of Harm	2	2	2	4
Residents Affected	Some	Few	Few	Some
Deficiency 3				
Description	Environmental	Nutrition and Dietary	Quality of Care	Quality of Care
Level of Harm	2	1	2	2
Residents Affected	Few	Some	Few	Few
Deficiency 4				
Description	Administration	Pharmacy Services	Quality of Care	Resident Rights
Level of Harm	1	2	2	4
Residents Affected	Some	Few	Few	Few
Deficiency 5				
Description		Environmental	Resident Rights	Pharmacy Services
Level of Harm		2	3	2
Residents Affected		Few	Few	Some
Deficiency 6				
Description			Resident Rights	Pharmacy Services
Level of Harm			2	2
Residents Affected			Few	Few
Deficiency 7				
Description			Pharmacy Services	Administration
Level of Harm			2	2
Residents Affected			Few	Some
Deficiency 8				
Description			Environmental	
Level of Harm			2	
Residents Affected			Few	
Deficiency 9				
Description			Environmental	
Level of Harm			2	
Residents Affected			Some	
Deficiency 10				
Description			Environmental	
Level of Harm			2	
Residents Affected			Few	
Total Deficiencies	4	5	10	7
Statewide Average	4	4	4	4
Nationwide Average	7	7	7	7

10. The administration also indicates the need for additional staff in order to reduce forced overtime. On February 3, 2004, the Legislative Audit Bureau (LAB) presented a report to the Joint Legislative Audit Committee on nursing staff issues at the Wisconsin Veterans Home at King. The report found that: (a) nursing staff vacancy rates decreased at King during 2003 but remained high for RNs at 25% in October, 2003; (b) the average number of hours worked per 80-hour pay period decreased among full-time employees to a weighted average of 86 hours and increased among part-time employees to a weighted average of 77 hours from December, 2002, to June, 2003; and (c) staff retention rates at King are higher than the statewide average for both full and part-time employees.

11. LAB recommended that the "most direct way" to address the staffing problems at King would be to try to fill vacant positions. The Committee may wish to provide funding to permit DVA to hire above the minimum starting wage to address the high vacancy rate among RNs at King. In addition, the Committee may also wish to support the administration's proposed increase in the number of authorized positions or provide additional funding to support LTEs at King.

12. There are currently 342.50 nurse and nurse aide positions budgeted at King. Approximately 11.7% (40.0) of these positions are vacant. Table 4 identifies the budgeted and vacant nurse and nurse aide positions at King, as of February, 2005.

TABLE 4

**Nurse and Nurse Aide Vacancies at King
As of February, 2005**

<u>Nursing Facility</u>	<u>RNs</u>	<u>LPNs</u>	<u>CNAs</u>	<u>Total</u>
Budgeted Positions	46.0	49.5	247.0	342.5
Vacant Positions	9.5	3.0	27.5	40.0
Vacancy Rates	20.7%	6.1%	11.1%	11.7%

13. The table shows that the vacancy rates at King are 20.7% for RNs, 6.1% for LPNs, and 11.7% for CNAs. Since the vacancy rate remains particularly high for RNs, the Committee could consider alternatives that would assist King in reducing these vacancy rates. One way would be to provide funding to permit DVA to fill vacant RN positions at 5% above the minimum starting wage (an increase from \$23.50 per hour to \$24.67 per hour). This change would require an increase of \$489,400 PR annually.

14. DVA indicates that it is adequately addressing the vacancy issues for RNs and LPNs through the existing stipend programs. Under the RN stipend program, which was created under 2003 Wisconsin Act 33, RNs receive a tuition stipend for up to two years and then must commit to working for one of the veterans facilities for one or two years after graduation. Three graduates of the RN program have applied to fill the vacant RN positions, and five additional RNs are expected to graduate in each year of the 2005-07 biennium. Under the LPN stipend program, an instructor

provided by King instructs up to 12 students per session at the Fox Valley Technical College. These students are required to work half-time at King while attending school and must commit to two years of work after graduation. DVA indicates that seven LPN students will graduate in May, seven are projected to graduate in 2005-06 and 10 are projected to graduate in 2006-07.

15. The Committee may also wish to address the overtime concerns that were raised by LAB. From 2002-03 through the first three quarters of 2004-05, DVA supported an average of 158 LPN overtime hours, 226 RN overtime hours, and 1,747 overtime hours per two-week pay period. The Committee could address these overtime concerns by supporting the following additional positions: (a) 2.0 full-time RNs and 2.0 half-time RNs; (b) 1.0 full-time LPN and 2.0 half-time LPNs; and (c) 15.0 full-time CNAs and 14.0 half-time CNAs, beginning in 2005-06. Base funding for overtime at King (\$545,000) could be deleted to reflect the addition of staff and the available funding to support limited-term employees to address staffing concerns as needed.

16. DVA could also use LTEs to perform work that would otherwise be performed by vacant, permanent positions to reduce overtime hours worked amount permanent staff. Currently, \$760,500 is budgeted to support LTE costs at King. This represents 2.2% of the total salary and fringe costs for the facility. The Committee could provide \$279,100 PR annually to increase LTE funding to equal 3.0% of the base salary and fringe costs at King.

Supplies and Services

17. Part of the increase in supplies and services funding would enable DVA to purchase bariatric equipment and supplies to support residents who are considered to be obese or morbidly obese, based on the National Institutes for Health definitions of obesity. According to the Institute, in general, individuals with a body mass index exceeding 25 are considered obese, while individuals with a body mass index exceeding 35 are considered morbidly obese. King indicates that, in one of the four nursing facilities, there are 15 residents who would be considered morbidly obese (greater than 35) and 23 residents who have a body mass index exceeding 30. The equipment and supplies that would be provided would include three bariatric tubs, bath chairs, wheel chairs, and other items. This increase would also support additional incontinent supplies and HIPAA expenses.

18. Supplies and services funding in this item would also support exterior window cleaning and biomedical equipment maintenance at King. DVA indicates that the exterior windows at King were last cleaned in 2001-02 and that equipment maintenance has been performed in house for the last few years.

19. This item would replace a number of assets that are fully depreciated according to an American Hospital Association Health Data Management Group manual on the "Estimated Useful Lives of Depreciable Hospital Assets" or have exceeded their useful lives based on manufacturer guidelines. The items that would be replaced would include patient lifts, high/low and bariatric beds, a medical transportation van, and other assets.

20. AB 100 would also provide \$162,300 annually to support an increase in contracted

services provided by nurses, pharmacists, and occupational therapists. DVA indicates that an increase in funding is needed to address recruitment problems. As previously indicated, as of February, 2005, 40 of the 342.50 nurse and nurse aide positions were vacant. Approximately \$72,700 PR would be provided annually to support additional contract nursing staff. However, it is not clear that DVA is having difficulties recruiting pharmacy or occupation therapist staff. King is currently authorized 8.0 pharmacy positions (none of which were vacant as of February), and 2.0 occupational therapists (neither of which were vacant as of February). For this reason, the Committee could delete the additional funding that would be provided to enable DVA to contract for pharmacy and occupational therapist services (\$89,600 PR annually).

Funding

21. Funding for operations at the veterans homes is primarily supported by member contributions, MA payments, and United States Department of Veterans Affairs (USDVA) per diem payments. In 2003-04, approximately 43.2% of the funding came from MA payments, 23.9% from USDVA per diem payments, and 32.9% from member contributions, including VA pensions, and other revenue sources. Approximately 79% of the residents at King are MA recipients. MA funding is composed of approximately 42% state and 58% federal funds. However, changes in staffing or funding levels in this item will not result in changes in the amount of MA payments that will be made to the Veterans Home at King. This is because, in the MA base reestimate, it is already assumed that DHFS will make payments to the veterans homes and make federal claims up to the maximum amount allowed under federal law (the upper payment limit) based, in part, on projected patient days at these homes. Since this item will not change the number of projected patient days at King, the amount of funding that DHFS will claim and pay to the veterans homes will not be affected by this item.

22. Any increases or decreases in funding provided under this item would affect the projected ending balance in the PR appropriation that supports the operations of the veterans' homes. Therefore, the alternatives in this paper adjust the amount of revenue that could be lapsed to the general fund accordingly.

ALTERNATIVES

A. Direct Care Staffing

1. Approve the Governor's recommendations.

2. In addition to Alternatives A1 or A3, provide \$489,400 PR annually to permit DVA to hire at 5% above the minimum starting wage for vacant RN positions. In addition, reduce the amount of the PR lapse from the appropriation that supports the operations of the veterans homes to the general fund by \$978,800 in 2006-07.

<u>Alternative A2</u>	<u>GPR-REV</u>	<u>PR</u>
2005-07 REVENUE (Change to Bill)	- \$978,800	
2005-07 FUNDING (Change to Bill)		\$978,800

3. Modify the Governor's recommendations by reducing funding in the bill by \$699,100 PR in 2005-06 and by \$748,100 in 2006-07 and deleting 6.0 positions, beginning in 2005-06, to increase staffing at King and delete overtime funding to address overtime concerns. In addition, lapse \$1,447,200 from the appropriation that supports the operations of the veterans home to the general fund.

<u>Alternative A3</u>	<u>GPR-REV</u>	<u>PR</u>
2005-07 REVENUE (Change to Bill)	\$1,447,200	
2005-07 FUNDING (Change to Bill)		- \$1,447,200
2006-07 POSITIONS (Change to Bill)		- 6.00

4. In addition to Alternatives A1, A2, or A3, provide \$279,100 PR annually to support additional LTEs. In addition, reduce the amount of the PR lapse from the appropriation that supports the operations of the veterans homes to the general fund by \$558,200 in 2006-07.

<u>Alternative A4</u>	<u>GPR-REV</u>	<u>PR</u>
2005-07 REVENUE (Change to Bill)	- \$558,200	
2005-07 FUNDING (Change to Bill)		\$558,200

5. Delete the Governor's recommendations with respect to staffing. In addition, lapse \$2,217,600 in 2006-07 from the appropriation that supports the operations of the veterans homes to the general fund.

<u>Alternative A5</u>	<u>GPR-REV</u>	<u>PR</u>
2005-07 REVENUE (Change to Bill)	\$2,217,600	
2005-07 FUNDING (Change to Bill)		- \$2,217,600
2006-07 POSITIONS (Change to Bill)		- 33.00

6. Modify any of the alternatives by deleting the program revenue lapse from the appropriation that supports the operations of the Veterans homes to the general fund.

B. Supplies and Services

1. Adopt the Governor's recommendations.

2. Modify the Governor's recommendations to reduce funding by \$89,200 PR in 2005-06 and by \$89,600 PR in 2006-07 to eliminate the increase in funding for contracted pharmacy and occupational therapy services. In addition, lapse \$178,800 in 2006-07 from the appropriation that supports the operations of the veterans homes to the general fund.

<u>Alternative B2</u>	<u>GPR-REV</u>	<u>PR</u>
2005-07 REVENUE (Change to Bill)	\$178,800	
2005-07 FUNDING (Change to Bill)		- \$178,800

3. Delete the Governor's recommendations with respect to supplies and services funding. In addition, lapse \$910,200 in 2006-07 from the appropriation that supports the operations of the veterans homes to the general fund.

<u>Alternative B3</u>	<u>GPR-REV</u>	<u>PR</u>
2005-07 REVENUE (Change to Bill)	\$910,200	
2005-07 FUNDING (Change to Bill)		- \$910,200

4. Modify any of the alternatives by deleting the program revenue lapse from the appropriation that supports the operations of the Veterans homes to the general fund.

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