



Legislative Fiscal Bureau

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Joint Committee on Finance

Paper #852

Veterans Homes Marketing Funds (DVA -- Homes and Facilities for Veterans)

Bill Agency

[LFB 2007-09 Budget Summary: Page 587, #4]

CURRENT LAW

The Department of Veterans Affairs (DVA) operates two Wisconsin veterans homes -- one at King in Waupaca County and one at Union Grove in Racine County -- that provide residential care, nursing and medical services, food services, and social and counseling opportunities to veterans and their dependents.

The Veterans Home at King has 721 licensed beds, cottages for married couples that provide 28 domiciliary beds, a chapel, and an activity center containing a post office, theater, bowling alley, museum and library. 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. A 120-bed skilled nursing facility (Boland Hall) was licensed to begin admitting members in September, 2006.

GOVERNOR

Provide \$100,000 PR annually to conduct a marketing study for the veterans homes to allow DVA to assess current and future needs for nursing home services.

DISCUSSION POINTS

1. The Veterans Home at King, which has provided care to veterans since 1887, has historically maintained a high residency rate. DVA reports that occupancy rates at King have

declined slightly this year to a March, 2007, census of 709 members (98% occupancy). Boland Hall, the new skilled nursing facility at Union Grove, began admitting members in September, 2006, and had a census of 44 members for 120 licensed beds (37% occupancy) as of March, 2007. According to the campus' business plan, DVA estimates that the census will continue to increase by approximately 10 members each month until the facility reaches an average daily census of 115 members by January 1, 2008. The Department is currently involved in the research and planning process for the construction of a third skilled nursing facility in Chippewa Falls.

2. Statewide surveys commissioned by DVA in 1999 to determine potential locations for future veterans homes indicated that, despite a slight overlap in the geographical areas served by the Union Grove and King campuses, there was sufficient demand to support a 120-bed skilled nursing facility at Union Grove without substantially impacting King's membership levels. The survey estimated that by 2006, the demand among veterans for services at the level of care provided by a skilled nursing facility in the Union Grove area would exceed 500 beds. To date, Department indicates that, while several members have transferred from King to Union Grove, the impact of opening a skilled nursing facility on the Union Grove campus has been minimal to membership levels at King.

3. Member enrollment at the skilled nursing facility at Union Grove has lagged slightly behind expectations. As operating costs for the veterans homes' residential skilled nursing facilities are supported primarily from member contributions, medical assistance (MA) payments for services, and per diem payments the Department receives from the U.S. Department of Veterans Affairs (USDVA), the number of members served on each campus directly dictates the amount of operating revenue available each year. While revenues to support operations are dependent on occupancy levels, most costs for the facility (including capital, utilities, and most staffing overhead) are fixed. As a result, the skilled nursing facility at Union Grove is expected to operate in deficit until a break-even population is reached. The Department is currently revising its business plans for both the King and Union Grove campuses to establish more accurate estimates for the operation of the homes.

4. Until the facility at Union Grove enrolls enough members for the revenue from their contributions and resulting federal payments to offset the cost of operating the facility, DVA plans to fund a portion of its operating costs from an available balance in the program revenue appropriation that supports the operation of the Veterans Home at King. The Department estimates that a transfer of approximately \$3.6 million in 2007-08 and \$2.3 million in 2008-09 will be required to fully fund operations at the Union Grove skilled nursing facility and the Union Grove assisted living facilities. Under the bill, the King operations appropriation is anticipated to have an uncommitted balance of approximately \$13 million at the end of the biennium, assuming the estimated transfers to Union Grove are made.

5. Under the bill, the Governor recommends that DVA be authorized to transfer up to \$7 million from the program revenue appropriation that supports the operation of the Veterans Home at King to the veterans trust fund, if the balance of the appropriation is in excess of the amount required to care for the members enrolled at the Veterans Home at King. The Department

did not act on similar authority provided under 2005 Act 468, that would have allowed the transfer of up to \$16 million from the PR appropriation to the trust fund, citing concerns over the need to maintain long-term solvency for both the King and Union Grove facilities, and a commitment to fund the development of a new facility at Chippewa Falls.

6. Marketing the King and Union Grove skilled nursing facilities to veterans statewide may increase membership, generating additional income from member contributions, MA payments, and USDVA per diem payments. DVA notes that for a veteran who qualifies for MA and the VA per diem, the King home receives about \$248 per day, or \$90,500 annually. If the marketing proposal attracts more than one additional member each year, increased revenues would exceed the cost of the marketing proposal (although DVA's costs of providing care to additional individuals would also increase). To the extent that marketing efforts lead to increased enrollment at either campus, the increased revenue may result in a larger ending balance in the PR appropriation.

7. While the Executive Budget Book indicates that the \$100,000 would be provided each year to conduct a marketing study for the veterans homes in order to allow DVA to assess current and future needs for nursing home services, DVA staff has indicated that the agency would use the funds for direct-marketing efforts. Specifically, the funds provided for marketing under the bill would be used to redesign the brochure for the King campus and print 5,000 copies (\$5,800); place advertisements in newspapers (\$38,000) and on the radio (\$25,000) throughout the state; and to contract for an outreach nurse position to pre-screen potential applicants, conduct membership recruitment at other facilities, and to work with discharge planners at various care facilities to promote the King and Union Grove facilities (\$31,200). The Department of Administration indicates that these purposes would be consistent with the Governor's intent.

8. Under current law, DVA awards grants to counties that maintain and operate a county veterans service office consistent with standards developed by the Department. Each county must have a county veterans service officer (CVSO) and must provide the CVSO with office space and clerical assistance. The primary duties of a CVSO are: (a) to advise veterans of any benefits to which they may be entitled and to provide assistance regarding any complaint or problem arising from such services; (b) make reports to their county board; (c) cooperate with federal and state officials that provide aids or benefits to veterans; and (d) furnish information about burial benefits within the county. These duties are required to be performed separately and distinctly from any other county department. A county's grant to support these activities is based on whether the CVSO is full-time or part-time and the county's population.

It may be argued that, given this existing resource, providing additional marketing funds to promote the veterans homes may be duplicating the CVSO's ongoing efforts.

9. Marketing and outreach may generate some new interest among veterans who are not familiar with the King and Union Grove Veterans Homes if individuals who may be eligible for membership are simply unaware of the facilities' benefits. However, given that these campuses already enjoy substantial name recognition among veterans organizations, it is possible that declining enrollment is less a factor of veterans being unfamiliar with the King and Union Grove

Veterans homes and may instead be indicative of the growing statewide trend towards home- and community-based long-term care. The increasing availability of home- and community-based-long-term care services that allow individuals to remain in their homes rather than live in institutions and the popularity of these services could account for declining enrollments at the facilities.

10. Given this uncertainty, the Committee may wish to provide funding for the marketing initiative in the first year of the biennium on a one-time basis. Should the marketing efforts prove successful, DVA could request additional funding in subsequent biennia.

11. It may be argued that the most successful recruitment of membership and efforts to increase the support of veterans for the homes have occurred as a result of direct outreach. For example, when DVA was developing plans to open the skilled nursing facility at Union Grove, Department staff visited veterans organizations throughout southeastern Wisconsin, as well as major hospitals in the area, to share information and resolve difficulties with referral and admission processes, increasing awareness among veterans' groups and regional health care professionals of their facility's resources. Contracting for an outreach nurse position to pre-screen potential applicants, conduct recruitment efforts at other facilities, and to work with discharge planners would provide an opportunity to directly target information towards individuals most likely to be immediately interested in the services offered by the veterans homes.

Conversely, sizable expenditures for radio and newspaper advertising lack focus, and are unlikely to meet with the success garnered by direct contact from a representative of the facility. As an alternative, the Committee could choose to reduce the funding provided for marketing purposes to \$50,000 annually, and support DVA's plan to hire a contract nurse consultant (\$38,200), while still providing support for media advertising activities (\$11,800). This funding level could be provided either on a one-time or ongoing basis.

ALTERNATIVES TO BILL

1. Approve the Governor's recommendation to provide \$100,000 PR annually to conduct marketing initiatives for the veterans homes.

ALT 1	Change to Bill	Change to Base
	Funding	Funding
PR	\$0	\$200,000

2. Provide \$100,000 PR in 2007-08 only to support marketing initiatives for the veterans homes.

ALT 2	Change to Bill	Change to Base
	Funding	Funding
PR	-\$100,000	\$100,000

3. Provide \$50,000 PR annually to support the contracted outreach nurse position (\$31,200) and to support media marketing initiatives for the veterans homes (\$18,800).

ALT 3	Change to Bill Funding	Change to Base Funding
PR	- \$100,000	\$100,000

4. Provide \$50,000 in 2007-08 only to support the contracted outreach nurse position (\$31,200) and to support media marketing initiatives for the veterans homes (\$18,800).

ALT 4	Change to Bill Funding	Change to Base Funding
PR	- \$150,000	\$50,000

5. Delete provision.

ALT 5	Change to Bill Funding	Change to Base Funding
PR	- \$200,000	\$0

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