

# STATEMENT OF SCOPE

## Department of Veterans Affairs

Rule No.: VA 6

Relating to: Rate Setting at the Wisconsin Veterans Homes

Rule Type: Permanent

1. Finding/nature of emergency (Emergency Rule only):

N/A

### 2. Detailed description of the objective of the proposed rule:

The objective of the proposed changes to VA 6, Wisconsin Veterans Homes is to respond to the Legislative Audit Bureau's Report on Rate Setting at the Wisconsin Veterans Homes, issued in August 2010, which recommended the department amend Chapter VA 6 Wis. Adm. Code to include a formula for calculating private pay rates for nursing home and assisted living care at the Wisconsin Veterans Homes, with clear definitions of rate-setting terms such as "costs of care."

### 3. Description of the existing policies relevant to the rule, new policies proposed to be included in the rule, and an analysis of policy alternatives:

#### Existing policy:

Currently VA 6.01 (16) provides that:

Charges for care and maintenance shall be computed every January for the various categories of care provided by a home. The computations shall be based upon the estimated costs of care to be incurred by the home for the succeeding annual period. The department may update charges in July to reflect changes in costs during the year. Charges shall be made for actual care and maintenance provided to a member.

Additionally, the Department has established policy and procedures for setting private pay rates. The current rate setting calculation is a formula based process that uses the average census counts, the costs under 20.485 (1) (gk), Wis. Stats., the bed days for each type of care provided and the weighted costs of direct and indirect care.

#### New policy proposed:

The proposed amendment will codify in rule the Department's current policy and procedure for calculating private pay rates. It will establish in rule the method and formula for calculating private pay rates for both nursing home care and assisted living care on a home-by-home basis, rather than as a single rate across all state-run veterans homes. The modified rule will also establish a rate review and approval process.

#### Policy alternatives:

One policy alternative would be to calculate a single healthcare rate for all veterans homes, but this would not account for the unique variables of each home, such as infrastructure, fluctuations in level of care, geographic location, expense differences, accounting, occupancy variations between the homes and efficiency of operations.

**4. Detailed explanation of statutory authority for the rule (including the statutory citation and language):**

Section 45.50, Stats., authorizes the department to operate veterans homes at King, Union Grove, and Chippewa Falls.

Section 45.51 (14), Stats., directs the department to establish qualifications for persons who can reside in the Veterans homes.

Section 227.10 (1), Stats., directs each agency to promulgate as a rule each statement of policy to govern its enforcement and interpretation of a statute.

Section 227.10 (2m), Stats., directs each agency to promulgate rules for the implementation or enforcement of any standard, requirement, or threshold.

**5. Estimate of amount of time that state employees will spend developing the rule and of other resources necessary to develop the rule:**

Approximately 120 hours.

**6. List with description of all entities that may be affected by the proposed rule:**

The Wisconsin Veterans Homes, the private pay residents, and the central Office and homes accounting sections will be affected by this rule change.

**7. Summary and preliminary comparison with any existing or proposed federal regulation that is intended to address the activities to be regulated by the proposed rule:**

There is no known federal regulation regarding private pay rate setting for state-run veterans homes.

**8. Anticipated economic impact of implementing the rule (note if the rule is likely to have a significant economic impact on small businesses):**

The proposed rule is not expected to have any economic impact on small business.

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