

2021 Budget Brief



V E R M O N T V E T E R A N S ' H O M E

Fulfilling the Promise

An Agency of the State of Vermont

It all starts with the Promise

- At the Vermont Veterans' Home
- **Governor Scott's Priority Initiative-**
 - **We Protect Vermont's most Vulnerable Heroes**



Fulfilling the Promise

It all starts with the Promise



VERMONT
VETERANS'
HOME

- The State of Vermont Fulfills the Promise, it is our turn to ensure their service is not forgotten.
- They answered the call and defended our Country, for that reason, our staff at the Vermont Veterans' Home are here for them.
- **Our State is here for them**
- This is their Veterans' Residential Campus.
- This is their home.



It all starts with the Promise



VERMONT
VETERANS'
HOME

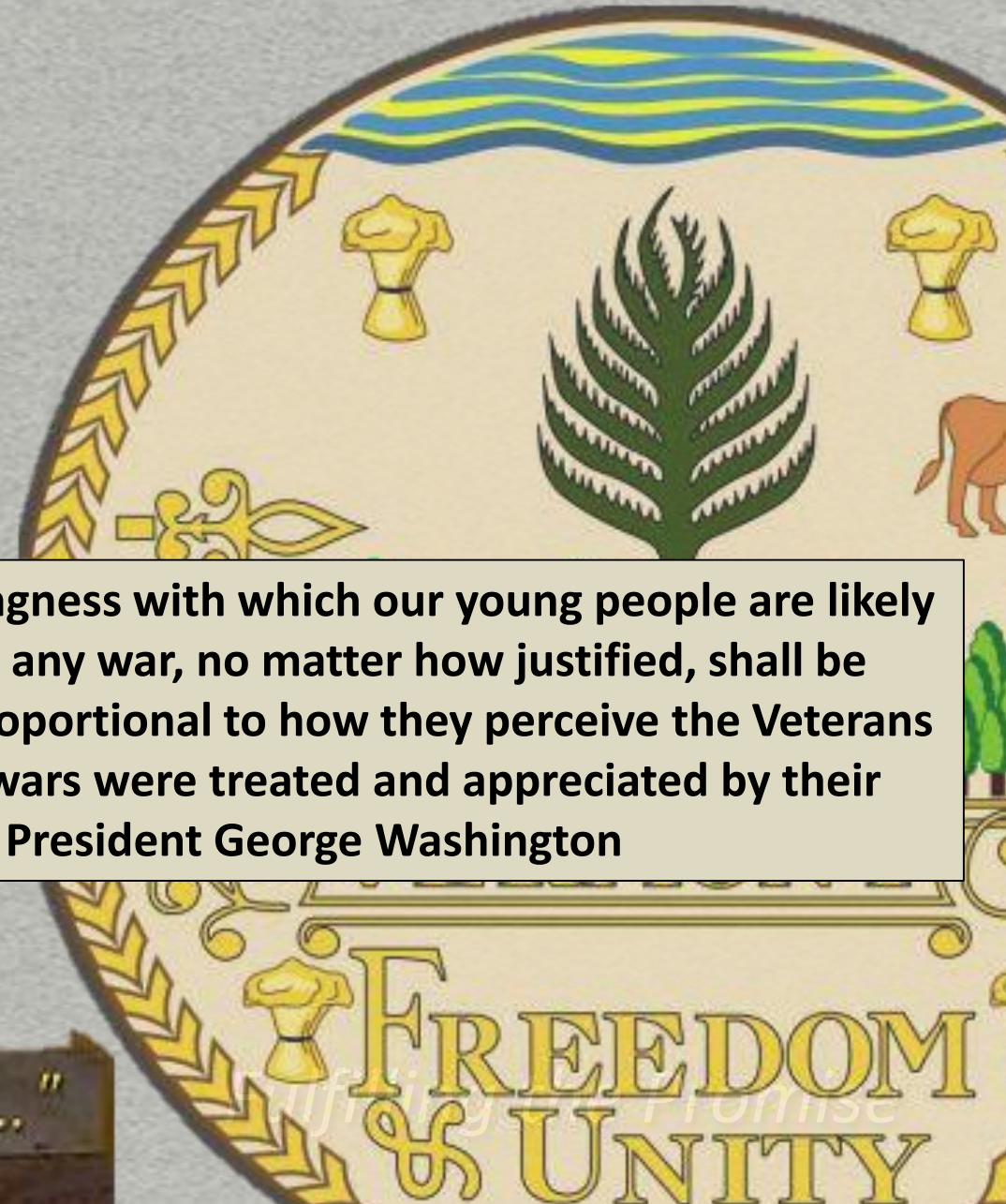


"It's about how we treat our veterans every single day of the year. It's about making sure they have the care they need and the benefits that they've earned when they come home. It's about serving all of you as well as you've served the United States of America." –President Barack Obama

"The willingness with which our young people are likely to serve in any war, no matter how justified, shall be directly proportional to how they perceive the Veterans of earlier wars were treated and appreciated by their nation." -- President George Washington

"To care for him who shall have borne the battle..."

PRESIDENT ABRAHAM LINCOLN

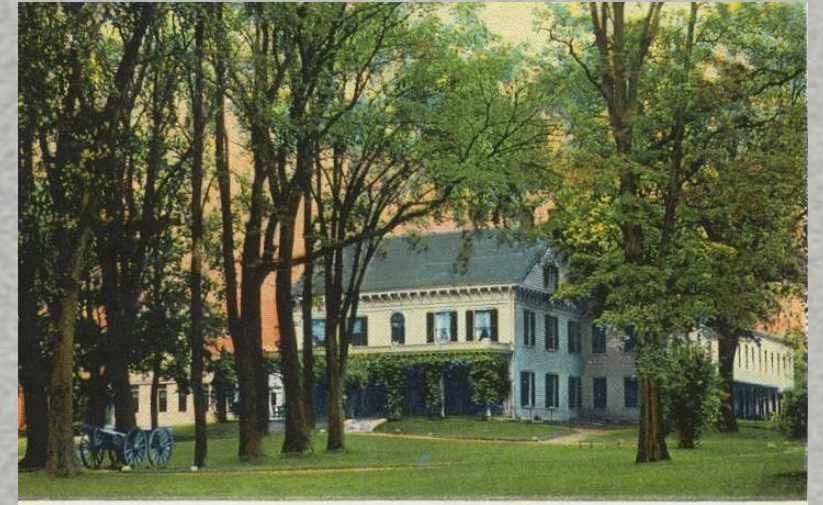


OUR HISTORY



VERMONT
VETERANS'
HOME

- Incorporated by the VT Legislature by Act. No. 180 in the Acts of 1884
- In 1887 the property, conveyed to the Board of Trustees by deed of the Trenor W. Park; First “inmate” was admitted on May 18, 1887
- Was a self-contained working farm for Veterans
- Governed by the Vermont Veterans’ Home Board of Trustees
- Land Owned by The Home’s Board of Trustees



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Vermont Veterans' Home Budget FY 21 Government Funding



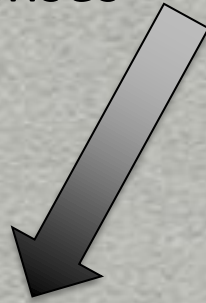
<u>Government Funding</u>		<u>% of Expense</u>
General Fund	\$ 2,946,782	12.2%
	\$ 2,946,782	12.2%

In FY 2019 VVH provided 46,887 days of care to Vermont's most vulnerable Veterans last year.

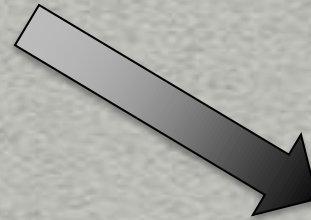


FY 21 Budget Adjustment Likely

VVH FY 21 Budget produced in Oct 19 , not “total Budget” in anticipation of FY 19 Medicaid Settlement Per Dept. of Finance and Management to cover remainder of anticipated expenses



FY 19 Medicaid Settlement due in 4st Qtr of FY 2021



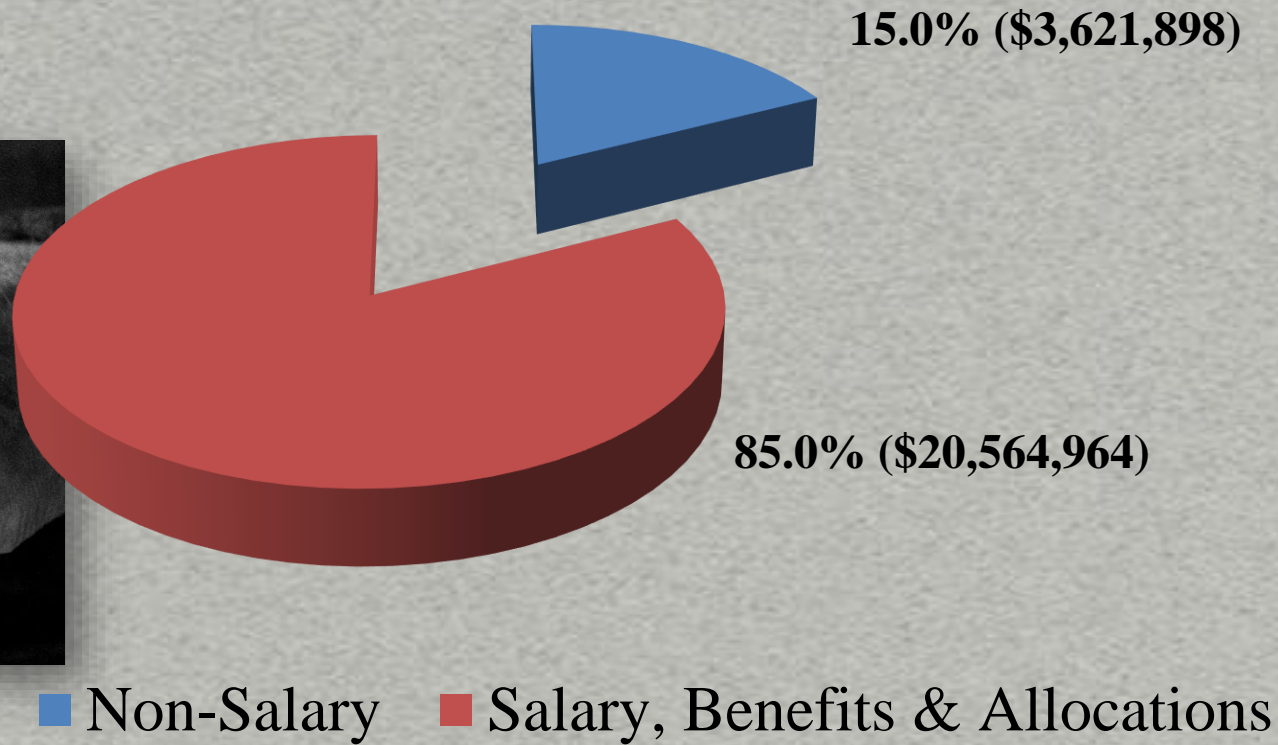
Plus or minus from settlement at BAA

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Vermont Veterans' Home

Budget support request FY21 Cost Percentages



In FY 2019 VVH provided 46,887 days of care to Vermont's most vulnerable Veterans last year.

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Requested support from the State of Vermont for Budget FY 21



**FIXED COSTS....NO
Control over these
85.0%**

**Collected Revenues account for
87.8% of total budget**

**Minimal Control
over 15.0 %**

<u>Operating Expenses</u>		% of Total
Salaries	\$ 11,172,182	46.2%
Overtime	661,042	2.7%
Benefits	<u>6,480,780</u>	<u>26.8%</u>
Sub Total Salaries & Benefits	\$ 18,314,004	75.7%
Medicaid Tax	\$ 639,470	2.6%
Utilities	765,371	3.2%
State Allocations	<u>846,119</u>	<u>3.5%</u>
Sub Total Tax & Allocations	\$ 2,250,960	9.3%
Total Salary, Benefits & Allocations	\$ 20,564,964	85.0%
<u>Non-Salary Expenses</u>		
Food	\$ 530,919	2.2%
Other Operating	<u>3,090,979</u>	<u>12.8%</u>
Sub Total Non-Salary	\$ 3,621,898	15.0%
Total Operating Expenses	\$ 24,186,862	100.0%
Gain (Loss) from Operations	\$ <u>(2,946,782)</u>	

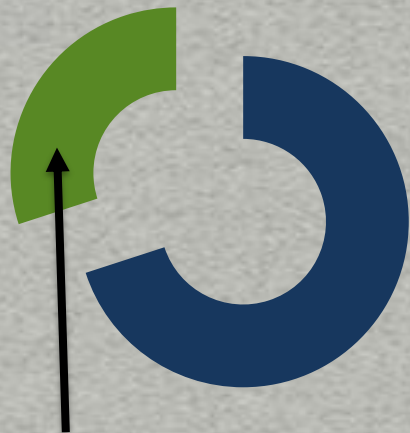
Other Operating Expense Examples: Drugs, Physician Fees, Contracted Rehab Service, Medical Supplies, Maintenance Supplies, Repairs, Advertising, Telephone, IT supplies and Audit.

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We collect approximately 88 cents out of every Dollar required

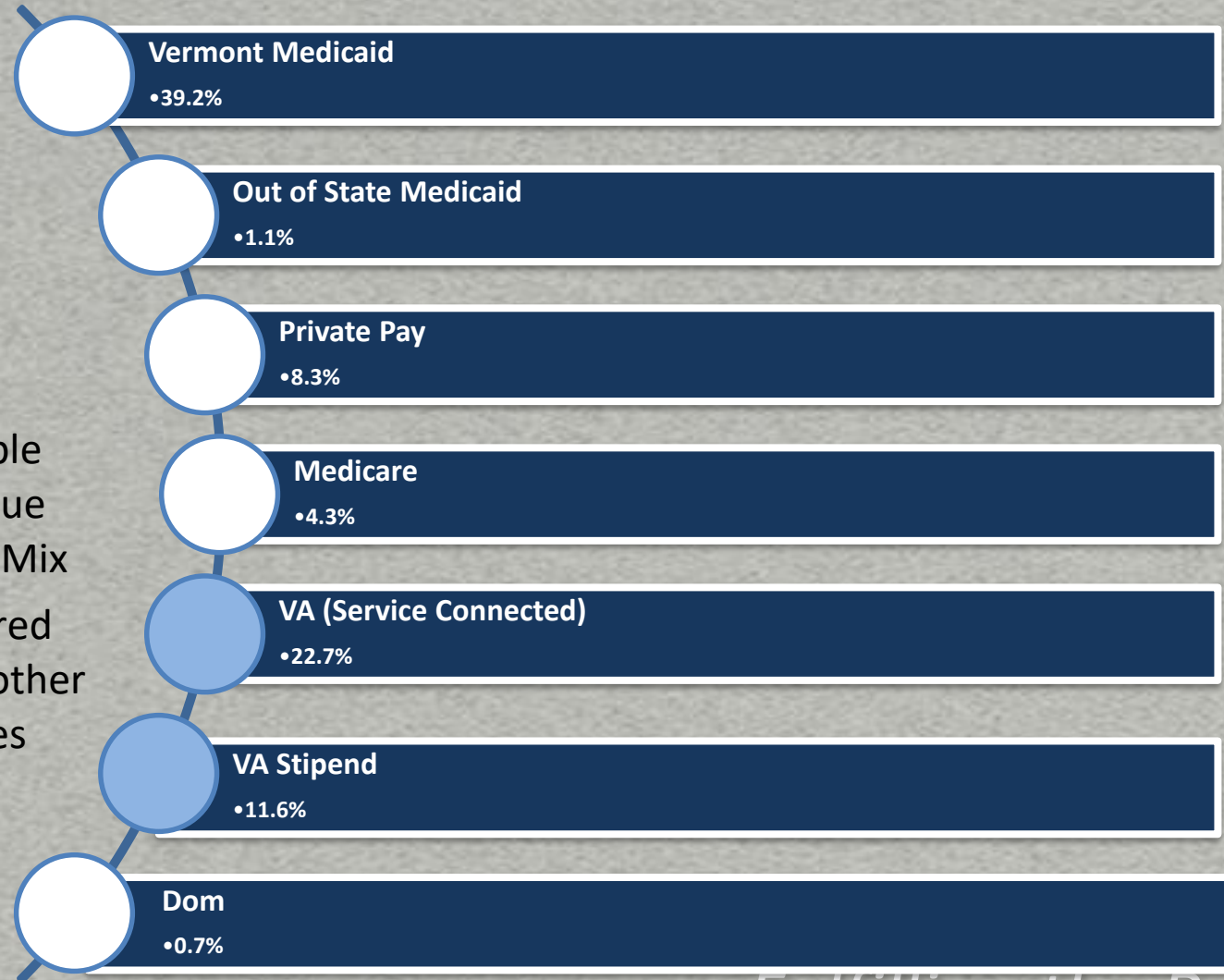


Budget



- Example Revenue Payer Mix
- Required from other sources

Gap between Revenues & Expenses requiring funds



Salary and
Non-Salary
Budget
History
Comparison
FY18 to FY21

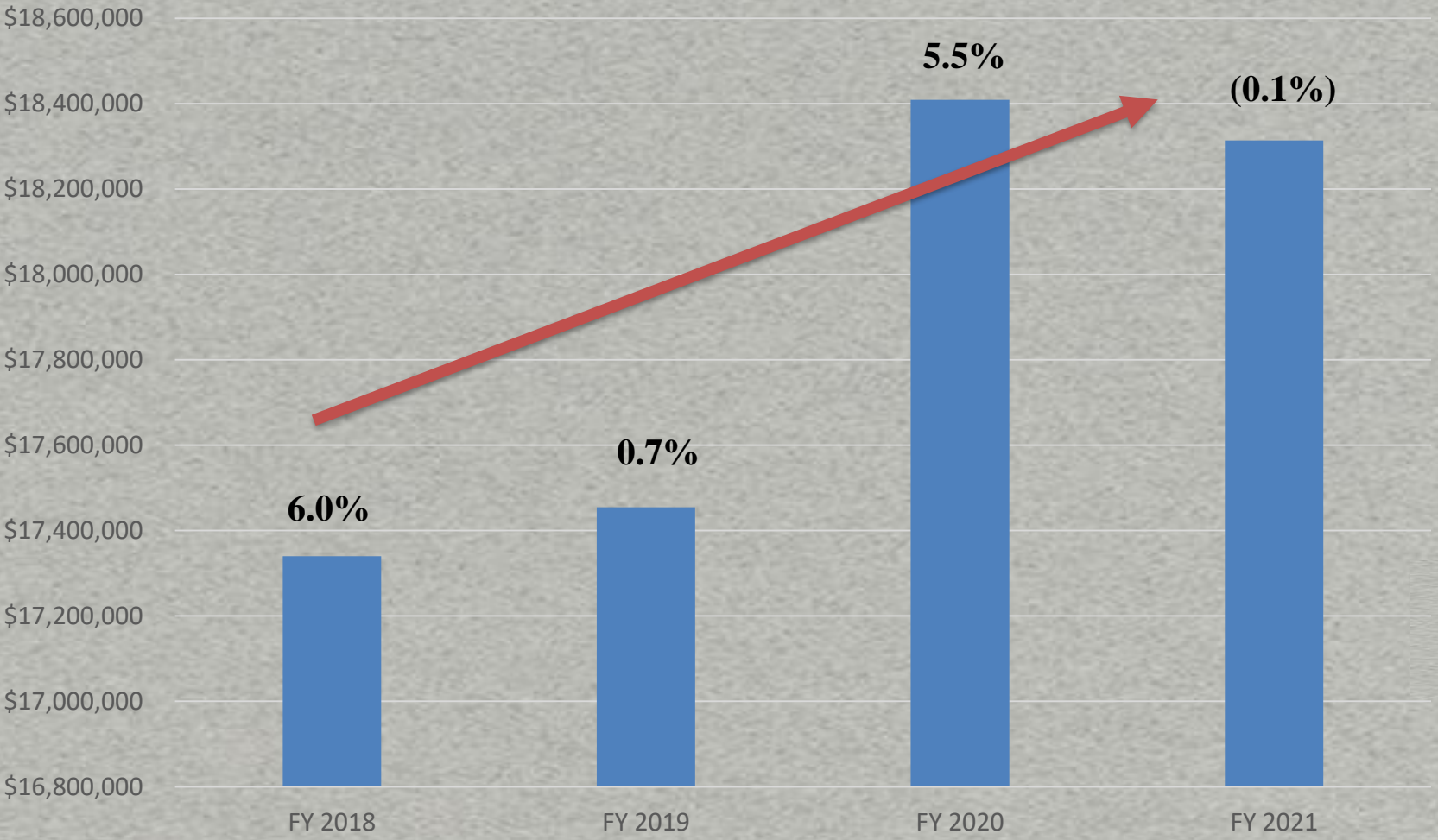


	<u>FY 2018</u>	<u>FY 2019</u>	<u>FY 2020</u>	<u>FY 2021</u>	<u>Increase</u>
Salary & Benefits ↑	\$ 17,340,073	\$ 17,454,845	\$ 18,408,826	\$ 18,314,004	5.6%
Non-Salary ↓	<u>6,087,334</u>	<u>6,251,305</u>	<u>6,981,609</u>	<u>5,872,858</u>	<u>(3.5%)</u>
Total Budget Request	\$ 23,427,407	\$ 23,706,150	\$ 25,390,435	\$ 24,186,862	3.2%

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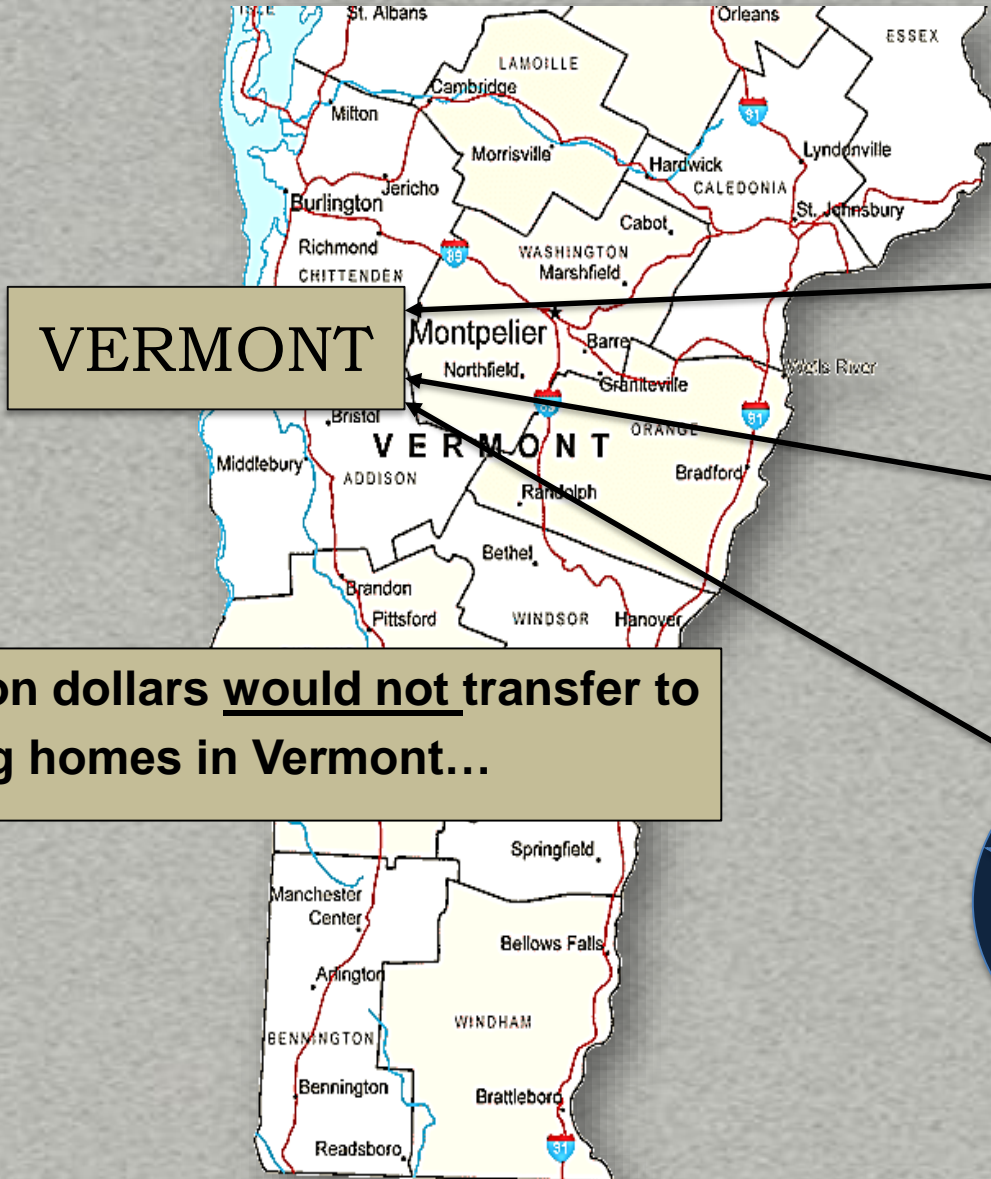
Vermont Veterans' Home Salary & Benefits



In FY 2019 VVH provided 46,887 days of care to Vermont's most vulnerable Veterans last year.

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Vermont will receive approximately **\$8,303,333** from the VA to care for its VVH Veterans in FY-21



★ **VA Stipend-**
\$111.38
per day
\$2,708,093

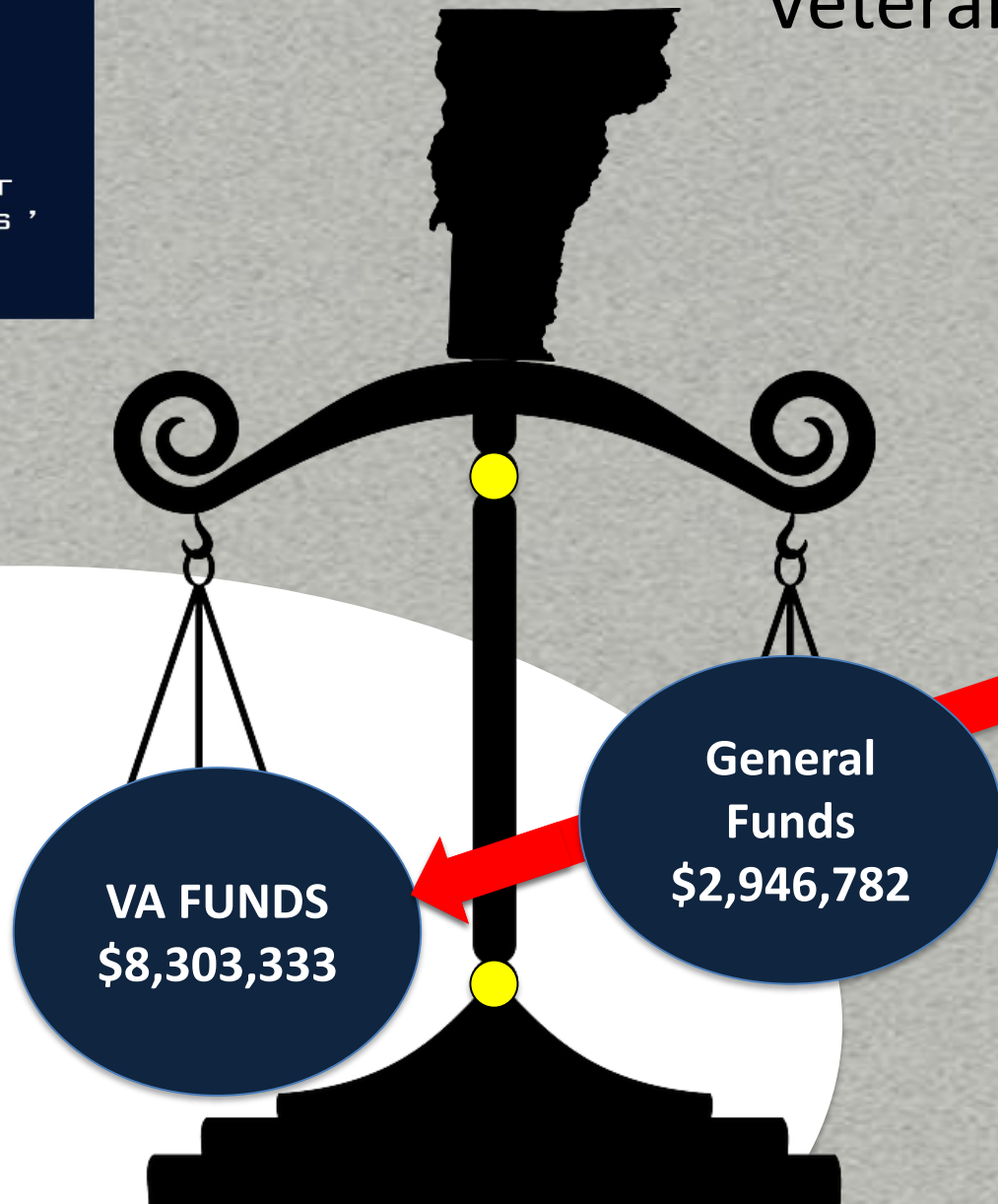
★ **DOM Stipend-**
\$48.07
per day
\$102,629

★ **Service Connected -**
\$429.95 per day
\$5,492,611

This \$8.3 Million dollars would not transfer to private nursing homes in Vermont...

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The shared cost of caring for our most vulnerable Vermont Veterans

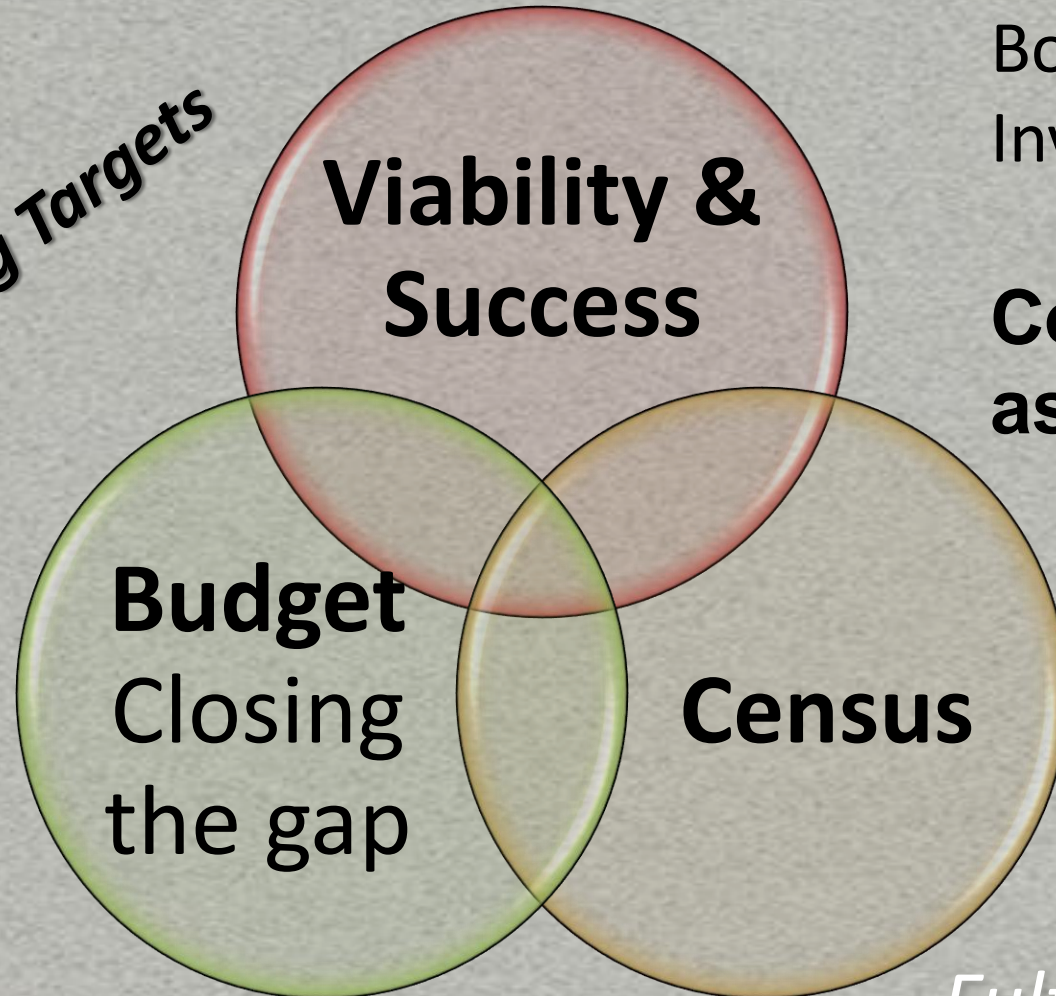


Vermont would not receive these VA Funds without a State Veterans' Home

The Vermont Veterans' Home Path to a successful Future



Strategic Planning Targets



Board of Trustee
Involvement/Priority

**Consultant Hired to
assist with process**

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What is a State Veterans' Home



- State Veterans Homes are facilities that provide nursing home, domiciliary or adult day care. *They are owned, operated and managed by state governments.*

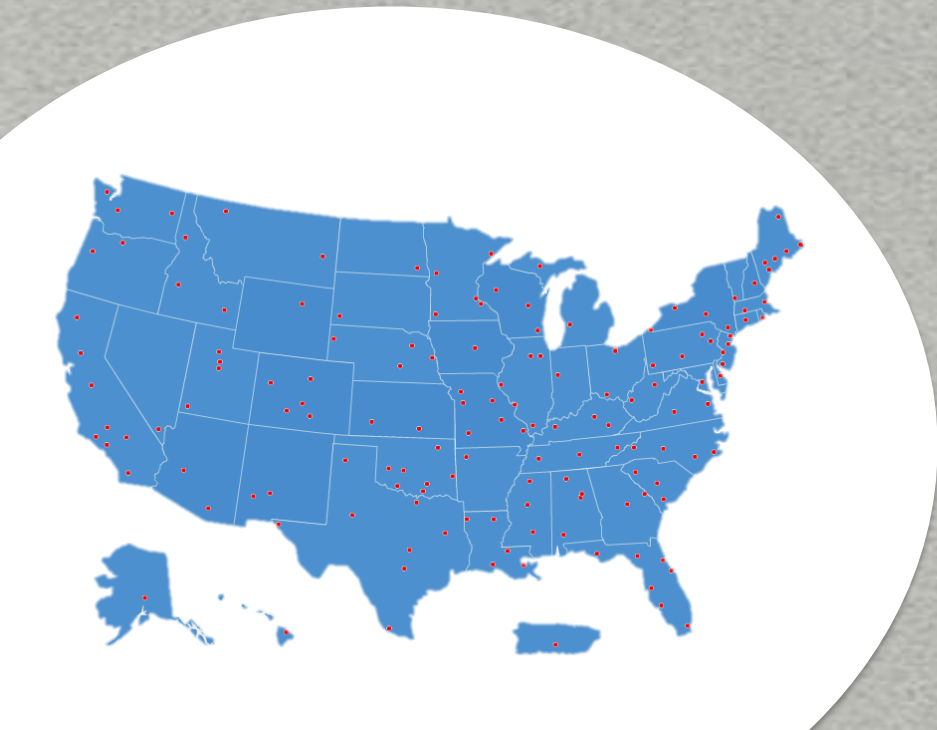
- To participate in the State Veterans Home program, VA must formally recognize and certify a facility as a State Veterans Home. VA then surveys all facilities each year to make sure they continue to meet VA standards.

- *VA does not manage State Veterans Homes.*

- http://www.va.gov/GERIATRICS/Guide/LongTermCare/State_Veterans_Homes.asp

156 State Veterans' Homes

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VA Reimbursement



Provided for Veterans only.

- Two types: Basic Per Diem and Full Cost of Care
- Basic Per Diem is paid for each Veteran residing at the facility, current rate is \$111.38 for the nursing home and \$48.07 for the Dom
 - Remainder of the cost of their nursing home stay is covered by Medicare, Medicaid, Private Pay or Long-Term Care Insurance.
 - Remainder of the cost of their Dom stay is paid via private funds.

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VA Reimbursement Cont.



• Full Cost of Care is paid for any Veteran who is 70% or More Service-Connected Disabled, as determined by the VA.

• This rate includes (Nursing Home Only):

• Room and Board

• MEDICATIONS

• Medical Supplies

• Physician Visits including community physicians

• Facility Cannot Bill Other Insurances

For Service Connected Disabled



The disability had to originate

While serving in the military



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VVH TODAY



- **A Premier Residential and Healthcare Campus for Veterans, their Spouses/Widows, and Gold Star Parents**
- **130 Bed Skilled Nursing Facility**
- **8 Bed Domiciliary “The Dom”/Assisted Living**
- **195 State Employees + 25 Temp**
- **Services Provided**
 - Short-Term Rehabilitation Physical, Occupational, Speech Therapy
 - Long Term Care
 - Internationally Recognized Memory Care Program
 - Hospice and Palliative Care
 - Respite Care
 - Outpatient Rehabilitation Services
 - Guest Room for family members



Celebrating birthdays...this picture depicts residents coming together as family!

Our job to serve and care for our Veterans will never be done



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Vermont Guardsmen are working
with their Senegalese counterparts



Single enlistment Average Veteran benefits



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- **Misconception-** All Veterans receive a pension, not true. Generally a minimum of 20 years service to receive.
- Most serve an initial enlistment of 3-5 years.

Benefits from initial enlistment

- Pension – Generally no
- Education – GI Bill varies, dependent on how long served on active duty
- Health Care/Disability dependent upon whether service connected & Priority Number assigned
- Home Loan – qualify for VA Home Loan, zero percent down
- Burials – VA national cemetery, Military burial and honors

Performance Measures

Best In Class for Overall Nursing Home Care and Short Term Care by [US News and World Report](#)



Vermont Veterans' Home

325 North Street, Bennington, VT 05201

Best Nursing Home

Vermont Veterans' Home in Bennington, VT, has an overall rating of High Performing. It is a large facility with 177 beds and has state ownership. Vermont Veterans' Home is not a... [READ MORE »](#)

HOME SIZE

Large 177 Beds

OVERALL RATING

High Performing



SHORT-STAY RATING

High Performing

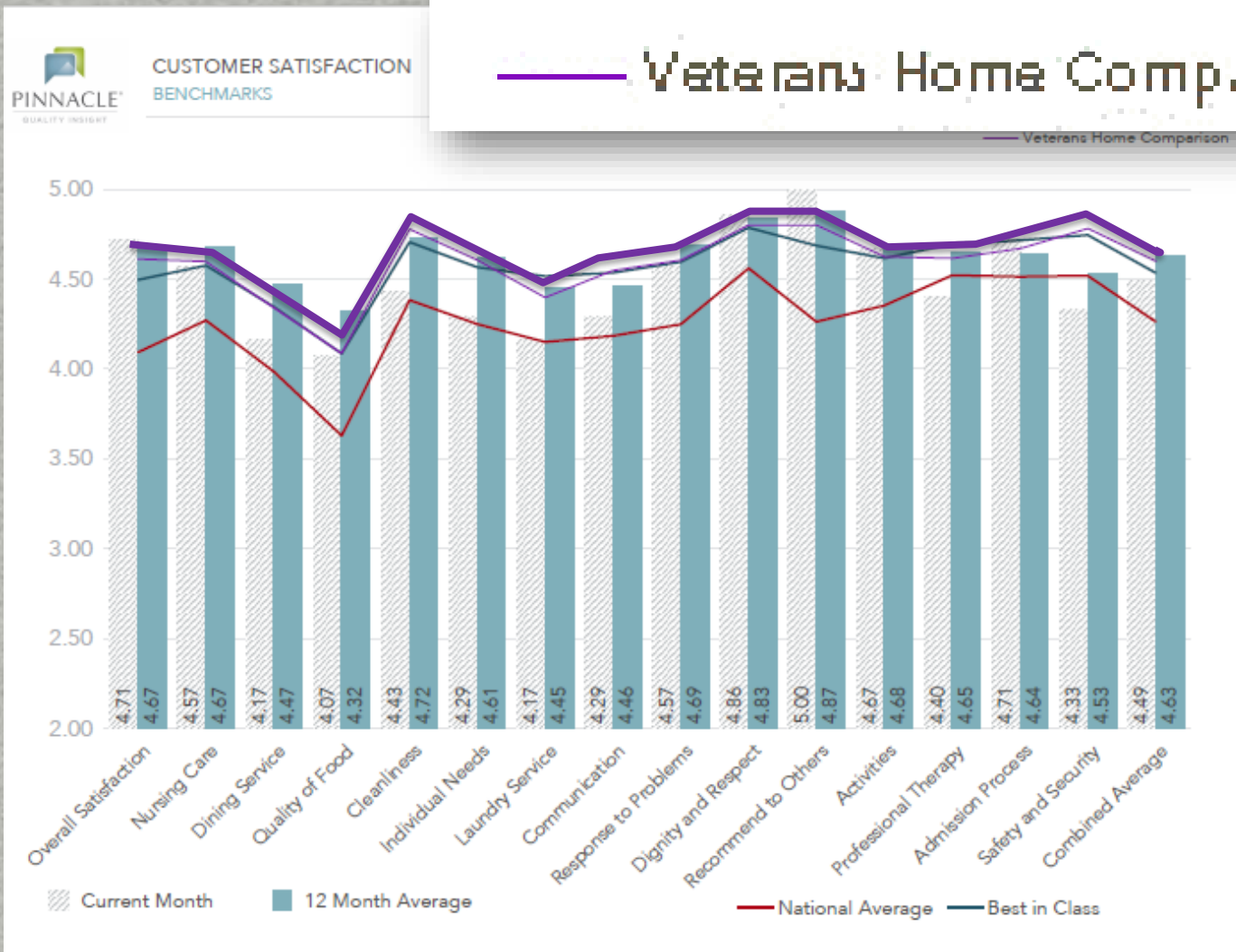


[Talk to an Advisor](#)

Source: US News and World Report

<https://health.usnews.com/best-nursing-homes/search?name=&location=Vermont+>

PINNACLE Performance Measures



- Overall Satisfaction
- Nursing Care
- Dining Service
- Quality of Food
- Cleanliness
- Individual Needs
- Laundry Service
- Communication
- Response to Problems
- Dignity and Respect
- Recommend to Others
- Activities
- Professional Therapy
- Admission Process
- Safety and Security
- Combined Average

In FY 2019 VVH provided 46,887 days of care to Vermont's most vulnerable Veterans last year. 23

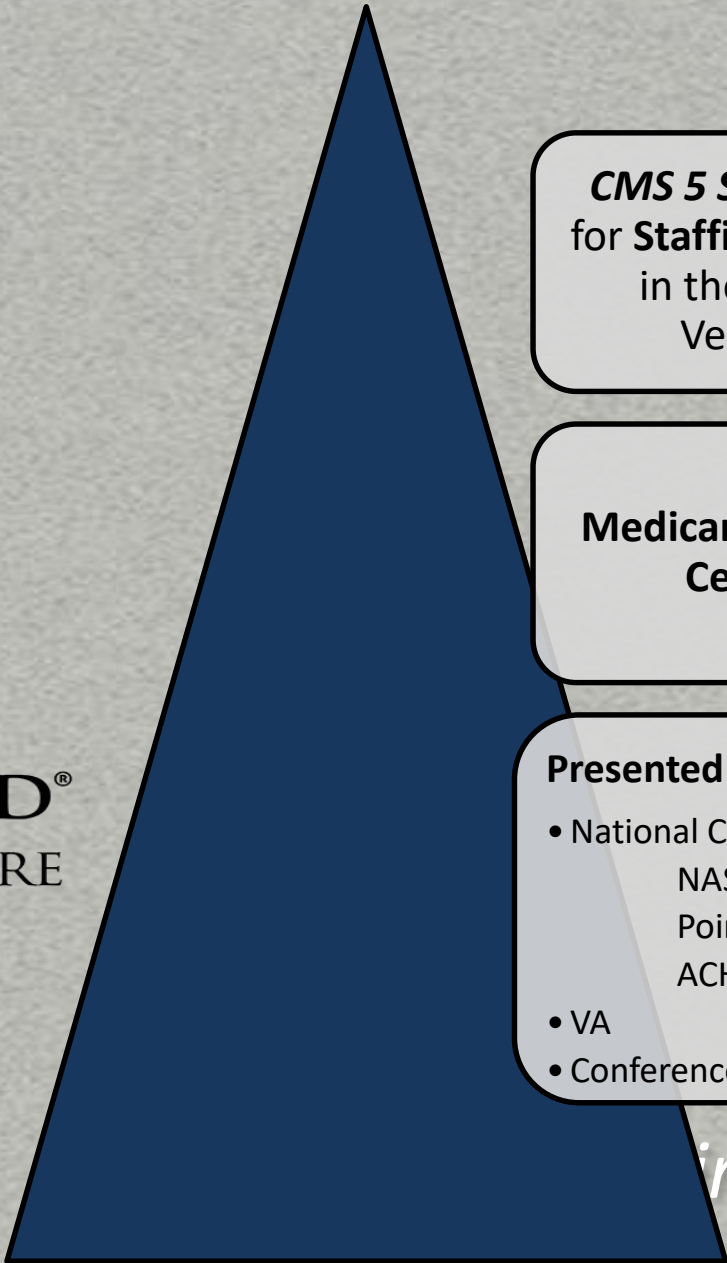
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Performance Measures Continued



2019
WOMEN'S CHOICE AWARD[®]
AMERICA'S BEST FOR EXTENDED CARE

<http://medicare.gov/nursinghomecompare/results.html#state=VT&lat=0&lng=0>



CMS 5 STAR RATED
for **Staffing** one of 10
in the state of
Vermont.

**Medicare/Medicaid
Certified**

Presented Best Practices

- National Conferences
NASVH
Point Click Care
ACHCA
- VA
- Conference Calls and Visits

Performance Measures Continued



Antipsychotics: Safely reduce the off-label use of antipsychotics by at least 10% since Q1 2017, or maintain a rate of 8% or less among long-stay residents and 1% or less among short-stay patients.



***Functional Outcomes:** Improve short-stay functional improvement or long-stay worsening mobility by 15% - or maintain greater than 75% on short-stay functional improvement or maintain less than 12% on long-stay worsening mobility.

**Note: Due to data availability, we are utilizing Nursing Home Compare's short-stay functional improvement and long-stay worsening mobility measures for the 2020 Recognition Program.*



Hospitalizations: Safely reduce long-stay and short-stay hospitalizations by at least 10% since Q1 2017, or maintain a rate of 10% or less.

Vermont Nursing Home Occupancy



Vermont Nursing Home Occupancy By County Total and Medicaid August 2019

(Yellow highlight indicates occupancy below 90%; red font indicates occupancy below 75%)

Nursing Home by County	Licensed Capacity	VT Medicaid (all types of VT Medicaid) Days	VT Medicaid Occupancy	Total Days	Total Occupancy
Bennington					
Bennington	91	1,166	41.33%	2,184	77.42%
Crescent Manor	90	1,532	54.91%	1,948	69.82%
Veterans Home	130	1,746	43.33%	3,914	97.12%
Centers For Living & Rehab	130	1,198	29.73%	2,916	72.36%
County Average (weighted)*	441	5,642	41.27%	10,962	80.18%

Veterans Home Occupancy

130

1,746

43.33%

3,914

97.12%

State

2,906

46,148

51.23%

75,972

84.33%

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Key Factors for Budget Request



The Home's Veterans:

- Average Age 81.1
 - Youngest 52
 - Oldest 99
- Males 63
- Females 31
- 99 Veterans, including 4 Women
- Represent all branches of the Military
- World War II 12
- Korea 18
- Vietnam 46
- Gulf War 3
- Cold War 20

This results in:

- Higher Acuity/Care Needs
- Increase Need for 1 on 1
CY 19 total hrs: 32,424
FTEs 15.58



Key Factors for Budget Request

- 85.0% (\$20,564,964) of The Home's budget is fixed cost
 - **75.7% Salary Benefits**
\$18,314,004
 - **3.5% State Allocations**
\$846,119
 - **3.2% Utilities \$765,371**
 - **2.6% Bed Tax \$639,470**
- 12.2% (\$2,946,782) of our budgetary funding is General Funds
- 87.8% (\$21,240,080) of our budgetary funding comes from Medicare, Medicaid, Private and VA Funds



FY 2021 Challenges

- **Meeting The Home's Financial Goals**

- We reduce our costs while others continue to increase their cost to us, limited ability to absorb these increases without requesting an increase in State funding.
- New CMS payment structure began Oct 1, 2019.

- **Labor Costs**

- No control over salary and benefit increases and not included in the pay act.

- **Veteran Care**

- **Perception**

- Lack of understanding or appreciation of the need to care for our Veterans, “we can do it another way” but no suggestions offered.
- Outside groups/individuals providing false information on the cost of care and potential cost saving measures for the home.



Budget Assumptions



VERMONT
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• Revenue

- Based on an average daily census (ADC) of 125
- Private Room \$335 Semiprivate \$315 per day
- Vermont Medicaid Interim Payment Rate of \$475.00
- Service-Connected VA Daily Rate \$429.95
- VA Stipend Daily Rate \$111.38
- VA DOM Stipend Daily Rate \$48.07

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Budget Assumptions

- **Expense Challenges:**

- Limited ability to reduce costs
- Increase need for 1 to 1 supervision of Veterans based on their acuity and safety of others
- FMLA resulting in high call out rate, increased overtime, need to use agency staff
- Costs associated with ongoing maintenance of the facility



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Cost Cutting Measures



- **Employee Compensatory Time**
 - Instituted better compliance with the use of compensation time as outlined and allowed via the Collective Bargaining Agreement.
 - Reduces the number of employees off at one time.
 - Employees receive cash instead of banking comp time after 56 hours are on the books.
- **Position Pool Approvals**
 - Position Pool positions approved:
 - 2 RNs 1 -32 Hours, 1-24 Hours per week.
 - 4 LNAs All at 24 Hours per week.
- **Continuous Spending Review**
 - Ensuring costs are inline with daily census
- **LNA Class**
 - Train individuals to become LNAs
 - Fill our open positions
 - Reduce OT and agency use

Admissions & Marketing Focus of Effort

FY 21

- Increased & more active Social Media Marketing effort
- Capitalize on gains
- New Marketing Coordinator

FY 20

- Convert Nurse Case Manager to full-time
- Geo Fencing around CBOCs
- Marketing Directors Duties more focused
- Capitalize on gains

FY 19 Target Chittenden County

- Hire a Temp Nurse Case Manger
 - Proof of concept
- Utilize all media resources
 - Radio-TV-Paper

FY 18 Target Rutland County

- Utilize all media resources
 - Radio-TV-Paper
- Meet with area leaders
 - Municipal
 - Clubs-Elks-Lions-Eagles etc.
 - Churches

Promise



Where do Veterans live in VT?



County	Veteran Population	% Enrolled in VA
Chittenden	9,704	38%
Rutland	5,201	44%
Washington	4,700	37%
Windsor	4,467	58%
Franklin	3,930	9%
Bennington	3,432	45%
Windham	3,303	46%
Caledonia	2,551	46%
Orleans	2,376	50%
Orange	2,367	50%
Addison	2,268	9%
Lamoille	1,938	35%
Essex	753	51%

Admissions & Marketing Focus of Effort



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website: www.vvh.vermont.gov

Like us on Facebook: https://www.facebook.com/vtvetshome/?ref=br_rs

Follow us on Twitter: <https://twitter.com/vtvetshome>

Follow us on Instagram: vermontveteranshome

Community Events

We continue our community outreach by hosting several events on our Campus. These events have brought VVH tremendous Press, good will, and support.



Summer Concert Series- concerts were held this past summer on our front lawn, Many from the local community and surrounding area attended. This is a tremendous gift to the community for their resolute support of VVH.

Fathers Day Car Show- this annual event continues to grow in popularity as visitor's routinely attend from the four contiguous states.

Wreaths Across America- This annual event occurs at VVH each December on National Wreaths Across America Day, our mission to *Remember, Honor and Teach* is carried out by coordinating a wreath-laying ceremony to coincide with Arlington National Cemetery, as well as over 1,400 additional locations in all 50 U.S. states, at sea, and abroad.

Veterans Motorcycle Ride x 2 - The Annual Veterans Ride occurs on VVH property with a barbeque and music for attendees.

Holiday Tree Lighting- A Community event hosted by VVH for the Local community and their children; music, snack, the tree, and Santa.

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Community impact



- 195 Employees + Temps
- Purchasing-local first attitude
- Community events
- High School affiliation
- **College Internship Site**
 - Castleton University
 - SVMC
 - SUNY Albany
 - Southern VT Tech
 - Medical Residency
- **Local School to Work Site**



Questions.....



Gov. Phil Scott takes the checkered flag at Thunder Road. Photo by Alan Ward.

“ We know that Veteran’s benefits, in this administration, are not entitlements. Veteran benefits are the on-going compensation that was earned in the uniform of the United States of America.”

**Vice President Mike Pence Elizabeth Dole Foundation 3rd Annual
Convening Washington, DC**

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Vermont Veterans' Home
SFY 21 Budget Narrative

Mission Statement:

The Vermont Veterans' Home provides best of class healthcare services to veterans, their spouses, and gold star parents, while honoring their choices and respecting their right of self-determination.

Facility Overview

The Vermont Veterans Home is the second oldest State Veterans Home in the country, opening on April 1, 1887. What started out as a 200-acre working farm for 25 Civil War Veterans is now an 83-acre residential and healthcare facility caring for 130 Veterans from World War II, Korea, Vietnam, Gulf War, and peacetime, their spouses and widows, and Gold Star Parents. The property includes a 140,000 square foot facility, with a trout pond, deer park, and Veterans' cemetery. The facility provides long term care, short term rehab, Alzheimer's/dementia care, respite care, hospice/palliative care, residential/domiciliary care, and outpatient rehabilitation services.

Our deer herd expanding in size this year with the addition of 6 fawns. The deer enjoy interacting with members of the community, especially if they are provided treats such as apples and bananas. The deer park has been the source of much enjoyment for those residing in or passing through Bennington. There has been a noticeable increase in foot traffic and visitors to the facility grounds since the deer arrived.

The trout pond is spring fed and stocked annually by the Bennington Elks. Two fishing derbies also sponsored by the Bennington Elks are held for the Veterans and members of the community. Veterans are able to fish as they desire with staff or family members. The pond is catch and release and not open for public fishing with the exception of the fishing derbies.

Departments:

ADMINISTRATION:

This department oversees the daily operation of the facility, ensuring regulatory compliance with Federal and State statutes. This Department includes the Chief Executive Officer, Chief Operating Officer, Director of Nursing and Assistant Director of Nursing. This department also provides clerical support to various other departments within the facility.

NURSING

This department includes the facility's Registered Nurses (RN), Licensed Practical Nurses (LPN), and Licensed Nursing Assistants (LNA). Members of this department provide the 24-hour care and supervision the Veterans and Members require for the skilled nursing facility, and intermittent oversight of the Veterans and Members who reside in the facility's residential care/Domiciliary section.

MEDICAL

The facility contracts with the local Veterans Administration Community Based Outpatient Clinic for Physicians and Physician's Assistants to provide medical care for our Veterans and Members. A Geriatric Psychiatrist from the White River Junction Veterans Medical Center joined our list of providers and is on sight 4 hours every other week. The facility also has contracts with, a Medical Director, a pharmacy, a rehabilitation company, and various individual medical providers in order to meet the needs of our Veterans and Members.

DIETARY

This department includes the Dietitians, Cooks and Utility Workers, who prepare over 140,000 meals annually for our Veterans and Members. They also ensure nutritious snacks are provided and that the Veterans and Members receive the physician ordered diet. The dietary staff also provides refreshments for various facility activities.

MAINTAINENCE, LAUNDRY and HOUSEKEEPING

This department is responsible for the daily upkeep of the facility and surrounding grounds, including but not limited to preventative maintenance, mowing of lawns, plowing of driveways, feeding and care of the deer herd. All Veteran and Member laundry and facility linens are washed and dried on site by the laundry staff.

RECREATION SERVICES

Daily activities are planned and run by members of this department. Activity programs are offered 7 days a week as well as both on and off site. Programs include, bingo, current events, holiday parties, and an air rifle and pistol range. The facility maintains a wheelchair access bus and three wheelchair accessible vans to transport Veterans to and from various community locations such as the Dorset Playhouse, the Bennington Elks and various community medical providers.

SOCIAL SERVICES

This department provides for the emotional and psychosocial wellbeing of our Veterans and Members. They provide individual services and well as support groups. The facility has a caregiver support group for family members of our Veterans and Members with cognitive impairments, a bereavement support group, and a support group called ‘The Brotherhood’ is for our combat Veterans. Unique and cutting-edge interventions are used to help our Veterans deal with PTSD; these include Music and Memory, and yoga. The social services department also arranges for community services for our short-term Veterans and Members who are discharged home after their stay with us.

FINANCE

This department ensures the accurate billing of Medicare, Medicaid, third party insurances, and private funds for services rendered. They also complete facility time an attendance and are responsible for maintaining the facility’s financial statements and other records. Members of this department will also assist Veterans and Members with Medicaid applications and managing their personal funds as needed.

Services Provided:

LONG TERM CARE

The facility currently has 130 skilled nursing facility beds. We are able to provide traditional nursing care services for individuals who are no longer able to reside independently or with family in the community. Long term care includes 24-hour care and supervision by licensed nursing personal, meals, medications, laundry services, housekeeping services, social work services, recreations services, chaplain services, and medical care.

SHORT TERM REHAB

Veterans or Members recovering from orthopedic or cardiac surgery, stroke or other major illness come to the facility immediately following a hospitalization to receive rehabilitation services which allow them to return home. In addition to the care and services provided to our long-term care Veterans and Members those individuals admitted for short term rehab receive services from physical, occupational and speech therapy. Our social work staff assists with arranging any and all necessary community services to help the Veteran or Member transition back to their previous living environment.

ALZHEIMER'S/DEMENTIA CARE

The facility maintains a 30-bed memory care neighborhood called Cardinal Point. This secure neighborhood provides our Veterans and Members with the ability to move around freely both inside and outside of the facility while ensuring for their safety. The Namaste Program, which provides care in a relaxing and comforting environment, was started at this facility with the help of consultant Joyce Simard. In an integral part of our memory care program. This program has been the subject of a book, "The Namaste Care Program for People with Dementia" now in its second edition and has been featured in various national healthcare publications. Ms. Simard travels the world education others on the benefits of the Namaste Program. More information on this program can be found at: <http://www.joycesimard.com/namaste-care-simard.html>

The facility was the only State Veterans' Home and the only skilled nursing facility in Vermont to be a recipient of a "Music and Memory" grant. This program provides iPods to those with cognitive loss. The music is individualized to each Veteran's or Member's personal preference and is used to help provide comfort and reassurance when needed. The use of music by those with cognitive loss has been shown to help reduce the use of antipsychotic medications in long term care facilities. More information on this program can be found at: www.musicandmemory.org

The Board of Trustees for The Vermont Veterans' Home funds an arts program with the Vermont Arts Exchange for our Veterans and Members on Freedom Village. This program allows those with cognitive loss to express themselves through various art mediums. A gallery exhibition is held annually both at the facility and a local art gallery. The trust funds established for the Board of Trustees prohibits the use of these funds for operational costs.

RESPITE CARE

Respite Care is just that, a respite for the caregiver of an individual requiring extensive medical care in the community. Community caregivers will have their loved one stay with us while they take a short vacation, have their own medical needs attended to or for just some time away from the demands of being a 24-hour caregiver. Respite care Veterans and Members have stayed for as little as a few days to a few months prior to returning home again.

PALLIATIVE/HOSPICE CARE

Palliative or end-of-life care is provided to the facility's long-term care Veterans and Members who are at the end of life and for those individuals admitted to the facility especially for end-of life care. The facility has a dedicated room for end-of-life care called the Reagan Room. This private room and nearby living room provide ample private space for family and friends to visit with the Veteran or Member. Support services from Social Services and the Chaplain are provided in addition to high quality nursing care. Several staff members are trained in massage and Rikki; these services are provided to the Veteran or Member as requested.

The facility now has contracts with two Medicare Hospice provider. Veterans and Members now have the choice between the two providers when considering end of life care. These contracts allow us to offer end of life services and receive a higher reimbursement for the services provided. Additionally, this contract will deliver additional support services for the Veteran and their family members during the dying process.

RESIDENTIAL/DOMICILIARY CARE

The facility has an 8-bed residential/domiciliary (Dom) care offering. This is similar to assisted living care. Veterans and Members who reside in the "Dom" require little assistance with bathing, dressing, and medication management. Meals, laundry services, social services, recreational programs, chaplain services, and limited nursing care are provided.

OUTPATIENT REHABILITATION SERVICES

Rehabilitation services such as physical therapy, occupational therapy, and speech and language therapy are provided to Veterans and Members residing in the community. These individuals do not need or require 24-hour care and supervision; however, they could benefit from some additional therapy services to improve their independence in the community. These services are arranged directly

with our contract rehabilitation company. Therapy services are provided at a frequency determined by the medical professionals, usually a few times a week.

Guest Room

The facility has a guest room that family member may use free of charge overnight. Reservations are required and are on a first come first serve basis. The room was renovated with a generous donation from the Vermont American Legion. It is now like a hotel room with a queen size bed, couch and a table with chairs. Meals can be purchased through our Dietary department. Additionally, with this generous donation, VVH will expand its guest room inventory by an additional two rooms in unused space on the third floor of the original house. We anticipate this to be completed by Winter 2020.

Revenue Sources

Revenue to operate this facility is derived from three (3) sources which include: Federal Funds, Special Funds and General Funds. Federal Funds consists of Medicare, Veterans' Administration (VA) Per Diem and VA Stipend. Special Funds consists of Medicaid, both Vermont and New York, Private Pay and Commercial Insurance. General Funds are from the Legislature. **It is important to note that over eighty-seven percent (87.8%) or \$21,240,080 of the facility's revenue comes from sources other than General Funds.**

General Funds

As stated in our FY20 budget presentation, our request of \$345,783 for FY20 was an anomaly because of the Medicaid Waiver that the State of Vermont applied for and received. The Medicaid Waiver is due to expire on December 31, 2021. Our FY21 General Fund request is \$2,946,782. This specific request is due to Finance and Management's recommendation that we reduce budgeted expenses in anticipation of the increase in Vermont Medicaid Settlement monies to be received in May 2021. Their current estimate is approximately \$1.4 million dollars and we will have to file a Budget Adjustment Request in December 2020 for this anticipated settlement.

Medicare

Medicare revenue is obtained for those Veterans and Members who are eligible for care and services paid for through the federal Medicare program. In order for care and services to be paid for at this facility an individual must have had a qualifying hospital stay, a 3-day hospital stay in the 30-days prior to admission to the facility or have been discharged from another skilled nursing facility for which Medicare paid for care and services within 60-days of their admission to this facility. Once that criterion is met Medicare will pay for a short period of time, not to exceed 100 days. Medicare pays 100% of the cost of care for the first 20 days of admission to the facility. From days 21 to 100 there is a per day Medicaid copay paid with private funds or commercial insurance. Currently this copay amount is \$170.50. Individuals must have a Medicare skilled need for care and services to be covered by Medicare. When they no longer meet this need, Medicare discontinues payment; there is no guaranteed number of Medicare covered days. A daily rate of reimbursement is determined for each individual based on the care and services provided. Due to CMS implementing the new skilled reimbursement methodology called Patient Driven Payment Model (PDPM), we are decreasing our Medicare rate from \$499 to \$475 per day.

Last year we reported that the Centers for Medicare & Medicaid Services (CMS) announced a new reimbursement methodology that went into effect October 1, 2019. The link to review the final regulation can be found at <https://www.govinfo.gov/content/pkg/FR-2019-08-07/pdf/2019-16485.pdf> The new methodology is entitled Patient-Drive Payment Model (PDPM). Similar to the previous announcement, reimbursement will be based upon the discharge Diagnostic Related Group (DRG) from the patient's stay at the hospital. Currently Skilled Nursing Facilities (SNFs) like VVH are reimbursed on a prospective basis based upon the acuity of the patient. CMS is recommending a change based upon five (5) clinical categories. All 900+ Inpatient DRGs that hospitals are reimbursed, are mapped to these five clinical categories. The five categories are: Major Joint Replacement or Spinal Surgery; Non-Surgical Orthopedic/Musculoskeletal; Orthopedic Surgery (Except Major Joint Replacement or Spinal Surgery); Acute Infections and Medical Management. Each has their own case mix group and case mix indexes. Needless to say, since the final rule was issued in August 2019, VVH is still trying to determine the financial impact because our Medicare population is low. However, we do know that after day 20 of a Medicare stay, our reimbursement will decrease 2.0% every seven (7) days. If a Medicare patient stays the full 100 days, VVH will only get 76% of the reimbursement for the last 7 days and not 100%. This affects all SNFs nationwide.

Medicaid

Medicaid revenue is received from the states of Vermont and New York for Veterans and Members who have been deemed eligible by their respective state, for Medicaid coverage. On October 24, 2016, the Vermont Agency of Human Services (AHS) received

approval for the State to expand the Medicaid program under section 1115(a). Special Terms and Conditions (STCs) number 23 states that reimbursement is no longer subject to the upper payment limits specified in 42 CFR 447.362. Basically, the upper payment limit is the maximum that Medicaid could reimburse if the patient were Medicare. On August 24, 2018, VVH received a letter from the Division of Rate Setting stating that our new daily interim rate will be \$475, which is an increase of \$230 from our previous interim rate of \$245. In our FY21 budget, VVH used an interim daily rate of \$475.00. Our FY 2017 Settlement was \$2,407,683 which was \$409,929 lower than anticipated. Because of this variance, we are not assuming any settlement in our FY21 budget. VVH filed the FY18 cost report and will not know the final outcome until March 2020. This Medicaid Waiver expires on December 31, 2021. VVH anticipates that the Agency of Human Services re-applies for this Medicaid Waiver in preparation of our FY2022 budget. If the waiver is **not** applied for, it would mean a significant increase in VVH's General Fund request for FY2022's budget.

Currently New York Medicaid reimburses VVH at \$232.39 per day. There is no information regarding if New York applied for or received approval to expand Medicaid like Vermont did. These rates include all the services listed under the long-term care heading above. At least annually Veterans and Members receiving Medicaid benefits must provide updated documentation to shown they remain eligible for Medicaid benefits. We are projecting a lower daily census for New York Medicaid based upon our recent history. Currently, we are not actively marketing for New York Medicaid recipients because of their stringent regulations and prior approval.

Private Pay

When Veterans and Members are not eligible for Medicare, Medicaid, Veterans' Administration Benefits, or other commercial insurance they are responsible for the daily per diem rate which is \$335 for a private room and \$315 for a semi-private room. This daily rate includes room, board, activities, and social work services. All other services including pharmacy and rehabilitation services are an additional charge. The Veterans' Administration Stipend, which is explained below, decreases the daily rate for Veterans only, to \$223.62 for a private room and \$203.62 for a semi-private room.

Veterans Administration Per Diem

For Veterans who are determined to be 70% or more service- connected disabled by the Veterans' Administration (VA), the VA will pay a daily rate of \$429.95. This rate includes room, board, medical care, pharmacy, laboratory services, rehabilitation services, activities, social work, and transportation. Specialty medical equipment can be provided by the VA as long as the equipment needed is related to their service-connected disability.

Veterans Administration Stipend

The VA will pay a daily stipend to all Veterans admitted to the nursing home, with the exception of Veterans who are 70% or more service-connected disabled. This stipend is used to reduce the out of pocket expense when a Veteran is private pay and to offset the shortfall between the actual cost of care and Medicaid reimbursement for Vermont and New York Medicaid Veterans. The daily stipend of \$111.38 is included in our FY 2021 budget.

Commercial Insurance

Commercial insurances such as AARP, TriCare, and Blue Cross Blue Shield will pay the co-pay starting at day 21 of a Medicare stay and, in some cases, pay a per diem rate which varies per policy. In some instances, a pre-authorization is needed, and if the facility is not within the provider's network, they will not approve admission to the facility for the individual Veterans.

Key Budget Issues

CENSUS

Over the past 10 years the average daily census at the Vermont Veterans' Home has steadily declined from 157.5 in 2009 to 121.6 in FY 2019. This decline is related to the increase focus on keeping individuals' home as long as possible prior to placing them in a nursing home. Per the Department of Disabilities, Aging and Independent Living website, August 2019 Utilization Statistics for all nursing facilities in the state, the average occupancy was 84.33% statewide and 80.18% for Bennington County. The Vermont Veterans' Home is currently at 93.07%. https://dail.vermont.gov/sites/dail/files/documents/DRS_occupancy_aug%202019.pdf. For this reason, the facility has established our FY 21 budget with a census goal of 125.

Fixed Costs

\$20,564,964 or 85.0% of the FY 21 budget are fixed costs which include:

Salaries and Benefits	\$ 18,314,004
Medicaid Bed Tax	\$ 639,470
State Allocations (DII, HR, Insurances)	\$ 846,119
Utilities	\$ 765,371

Cost of Care

Veterans are requiring higher levels of care when compared to just 5 years ago. Today's nursing home residents were hospital patients just a few short years ago. Medications are becoming increasingly expensive and often times fall on the facility to pay for. Currently, over 81% of our Pharmacy expense is for Service-Connected Veterans. **Per Federal regulations for State Veterans Homes, VVH is required to cover the cost of pharmacy expenses for Service Connected-Veterans. Without a change in federal regulations VVH cannot obtain medications for these Veterans from the VA or bill any other insurance they may have which would offset this cost.** With increased frequency a Veteran's or Member's insurance will not cover the cost of medication, and there is not a more cost effective alternative available.

Worker's Compensation

We were not anticipating any increase in our Worker's Compensation (WC) costs of \$468,638. However, in October VVH received the allocations from Finance and Management and there was a \$199,015 or 42.5% increase in Workers Compensation. When asked why such a large increase on top of the 16% increase in FY20, we were informed that the statewide discount that had been applied to reduce surplus funds was no longer being applied. Departments are being asked to pay the full premium which is intended to cover the ultimate losses incurred during the year as well as the operating costs associated with administering the program.

Accounts Receivable

The facility has had some success in collecting outstanding debt, but there remain several large accounts that are pending in probate court. Despite the judgment the facility has yet to receive any funds from the party involved.

Veterans, Members, and their families continue to voice their opinion that care and services at the facility should be free of charge. A member of the facility's business office meets with the Veteran, Member and/or responsibly party prior to admission to explain their financial responsibility to the facility. When in doubt the admission is denied until a payor source can be secured.

Overtime and Family Medical Leave Act Use

Despite changes in the nursing schedule that afforded every member of the nursing staff (every other weekend off) the call out rate at the facility remains relatively unchanged over the past 3 years, averaging between 8% to 9%. FY 19 average call out rate was 8.59% and we used 7,547.59 hours of FMLA. The reason for the 3,605.91 is due to over four (4) employees who are no longer employed at

VVH. Overtime use is directly related to the number of employees who call to say that they will not be able to work their scheduled shift, Veterans requiring one on one staffing, and those on extended absences. Our actual FY19 Overtime was \$828,189.

Contract with Bennington County Sherriff

Due to the expansive property of VVH we have been a haven for illicit activity. This summer this activity reached a new level when female staff members have been approached and verbally accosted by male individuals in the early morning hours. The local police department has responded to these incidents. To ensure the safety of our staff, Veterans and Members we entered into a contract with the Bennington County Sherriff's Department. We have a Sherriff on property every night from 9pm to 530am. They provide staff escort to and from their cars and patrols the interior and exterior of the building to ensure safety and security is maintained. Their presence is an interim measure while we work with BGS on an application for a Safety and Access Control Grant from the VA.

Additional Detail

Policy Issues with Potential Budgetary Issues:

1. **Centers for Medicare and Medicaid Services (CMS) Hospital Readmission Penalty.** Beginning October 1, 2018 CMS began to withhold 2% of all Medicare payments to skilled nursing facilities aka nursing homes. They will redistribute 50% to 70% of the withheld payments through incentive payments to those facilities with low hospital readmission rates. More information can be found at <https://www.cms.gov/Medicare/Quality-Initiatives-Patient-Assessment-Instruments/Value-Based-Programs/Other-VBPs/Top-10-things-to-know-about-SNFRM.pdf>
2. **CMS institutes new Patient-Driven Payment Model (PDPM).** This new payment model went into effect October 1, 2019. This moves CMS/Medicare away from the fee-for service model of payment to a focus on value-based care in which payment is based on the clinical complexity and the resident's conditions and care needs. <https://www.cms.gov/newsroom/fact-sheets/medicare-issues-fiscal-year-2019-payment-policy-changes-skilled-nursing-facilities>

Budget Assumptions

The FY2021 budget assumes an average daily census of 125 which is no change from the current FY20 budget. However, Finance and Management looked at our model and made changes to our projected census for FY2021. They recommended an increase in

Vermont Medicaid veterans/residents and a decrease in Private Pay. Looking at historical trends there has been a slight payor mix change from Vermont and New York Medicaid to VA Service connected and Private Pay. Our budget assumes that the Domiciliary continues to be at 100% occupancy. Below in Table 1 shows recent trends in average daily census.

Table 1

Payor	Act FY16	Act FY17	Act FY18	Act FY19	Bud FY20	Bud FY21
VT Medicaid	51	54	50	51	52	54
NY Medicaid	13	11	7	5	4	3
Private Pay	23	20	27	29	31	27
Medicare	5	4	5	5	6	6
VA	29	29	30	31	32	35
Total	121	118	119	121	125	125
Domiciliary	8	8	7	7	8	8
Grand Total	129	126	126	128	133	133

Vermont Medicaid reflects a decrease in net revenues, anticipated daily census is increasing from 52 to 54 while private pay is decreasing from 31 to 27. Table 2 below shows the net revenue comparison from FY20 to FY21.

Table 2

Payor	FY 20	FY 21	Increase (Decrease)
VT Medicaid	\$ 13,164,628	\$ 9,476,449	(\$ 3,688,179)
NY Medicaid	339,289	254,467	(84,822)
Private Pay	2,327,382	2,006,675	(320,707)
Medicare	1,338,846	1,040,250	(298,596)
VA	4,957,109	5,492,611	535,502
Total SNF	\$ 22,127,254	\$ 18,270,452	(\$ 3,856,802)
Domiciliary	\$158,906	158,906	-
Total Net Revenue	\$22,286,160	\$18,429,358	(\$ 3,856,802)
VA Stipend	\$2,758,492	\$ 2,810,722	\$ 52,230
Grand Total Net	\$25,044,652	\$ 21,240,080	(\$ 3,804,572)
General Fund	\$ 345,783	\$ 2,946,782	\$ 2,600,999
Total Income	\$ 25,390,435	\$ 24,186,862	(\$ 1,203,573)

Our daily charge for a semi-private room remains the same at \$315 and the private room daily charge remains level at \$335. Reimbursement rates the payor sources are as follows in Table 3

Table 3

Payor	Reimbursement Rate
Vermont Medicaid	\$ 475.00
New York Medicaid	\$ 232.39
Private Pay	\$ 203.62
Medicare	\$ 475.00
VA	\$ 429.95
Domiciliary	\$ 58.29
VA Stipend	\$ 111.38
Dom VA Stipend	\$ 48.07

Salary expense is budgeted for a net decrease of \$179,041 and an increase in Benefits of \$94,032. Table 4 shows the changes in Salary Expense.

Table 4

Line item	Budget FY20	Budget FY21	Increase (Decrease)
Salaries	\$ 9,596,319	\$ 9,305,060	(\$ 291,259)
Temp Employees	1,687,865	1,598,313	(89,552)
Overtime	834,373	661,042	(173,331)
Shift Differential	299,225	299,225	-
Market Factor	589,766	959,513	369,747
Vacancy Turnover	(577,569)	(577,569)	-
Personal Services	<u>(417,714)</u>	<u>(412,360)</u>	5,354
Total	\$12,012,265	\$ 11,833,224	(\$ 179,041)

Table 5 shows the changes in Benefit Expense.

Table 5

Line item	Budget FY20	Budget FY21	Increase (Decrease)
FICA	\$ 779,241	\$ 785,236	\$ 5,995
Health Insurance	2,780,251	2,624,000	(156,251)
Retirement	2,070,200	2,120,863	50,663
Dental	163,776	158,004	(5,772)
Life	42,998	43,013	15
LTD	1,692	1,771	79
EAP	5,952	6,240	288
Workers' Compensation	468,638	667,653	199,015
Unemployment	60,000	60,000	-
Catamount Health	<u>14,000</u>	<u>14,000</u>	<u>-</u>
Total	\$ 6,386,748	\$ 6,480,780	\$ 94,032

Non-Salary and Benefit decreases total \$1,114,168 and are summarized as follows:

1. Audit - \$10,000
2. Physical Health - \$360,764
3. Physician Services - \$219,213
4. IT/ADS Allocation Increase – (\$40,746)
5. IT Hardware/Software - \$55,000
6. Other Operating Expense - \$11,344
7. Insurance Allocation increase – (\$37,127)
8. Human Resources Allocation increase – (\$41,789)
9. Property & Maintenance - \$102,541
10. Supplies - \$479,364