

Office of the
Legislative Fiscal Analyst

FY 2001 Budget Recommendations

Joint Appropriations Subcommittee for
Health and Human Services

Utah Department of Health
Veterans' Nursing Home

Contents:

- 1.0 Summary
- 3.0 Programs
- 4.0 Additional Information

1.0 Department of Health - Veterans' Nursing Home

Summary

The 1995 Legislature passed Senate Bill 197, "Utah Veterans' Home", which authorized the construction of the Utah State Veterans' Nursing Home, an 80-bed long-term care facility to provide both skilled and intermediate levels of care to Utah's veterans and eligible spouses who are residents of Utah.

	Analyst FY 2001 Base	Analyst FY 2001 Changes	Analyst FY 2001 Total
Financing			
Federal Funds	\$1,168,000		\$1,168,000
Dedicated Credits Revenue	1,517,600		1,517,600
Beginning Non-lapsing	288,300		288,300
Closing Non-lapsing	(288,300)		(288,300)
Total	<u>\$2,685,600</u>	<u>\$0</u>	<u>\$2,685,600</u>
Programs			
Veteran's Nursing Home	<u>\$2,685,600</u>		<u>\$2,685,600</u>
Total	<u>\$2,685,600</u>	<u>\$0</u>	<u>\$2,685,600</u>
FTE	1.0		1.0

3.1 Veterans' Nursing Home

Recommendation

The Analyst recommends funding in the amount of \$2,685,600 for the Veterans' Nursing Home for FY 2001. Two major sources of funding are patient fees and federal Veterans' Administration funds. Patient fees (listed as dedicated credits), with the federal revenue, are used for the day-to-day operation of the facility. The Department has established a schedule of charges for residents in cases where those residents have available resources (UCA 71-11-5 (1)(b)).

The current ongoing costs are covered by a combination of federal per diem revenues and direct patient contributions to care. The daily rate is \$96. Of this amount, \$10 (from Federal Funds) goes to cover administrative costs, with the remaining \$34 of Federal Funds plus \$52 from the patient going to pay the contractor. There is no Medicaid certification or participation in the facility.

The Legislature appropriated \$500,000 from the General Fund in FY 1996 for the initial operating costs of the home. Unspent funds from this appropriation have been carried as non-lapsing for the past few years. The funds that still remain unspent are expected to be carried into future fiscal years in anticipation of replacement costs.

	FY 1999	FY 2000	FY 2001	Est/Analyst
	Actual	Estimated	Analyst	Difference
Financing				
Federal Funds	\$396,265	\$880,000	\$1,168,000	\$288,000
Dedicated Credits Revenue	1,454,491	1,518,400	1,517,600	(800)
Transfers	(68,600)			
Beginning Non-lapsing	658,987	576,267	288,300	(287,967)
Closing Non-lapsing	(576,267)	(288,267)	(288,300)	(33)
Total	\$1,864,876	\$2,686,400	\$2,685,600	(\$800)
Expenditures				
Personal Services	\$101,700	\$96,708	\$101,800	\$5,092
In-State Travel	1,376	1,400	1,000	(400)
Current Expense	269,962	1,029,892	1,024,400	(5,492)
DP Current Expense	5,030	10,000	10,000	
Capital Outlay	6,580			
Other Charges/Pass Thru	1,480,228	1,548,400	1,548,400	
Total	\$1,864,876	\$2,686,400	\$2,685,600	(\$800)
FTE	2.0	1.0	1.0	

Purpose

The Utah State Veterans' Nursing Home is an 80-bed, long-term care facility that provides both skilled and intermediate levels of care to Utah's veterans and eligible spouses who are residents of Utah.

The Legislature appropriated \$1.8 million in FY 1996 as the state's share of the construction costs for the Veteran's Nursing Home. These funds qualified for federal matching funds from the United States Department of Veteran Affairs in the amount of \$3.6 million. Additional funds were collected from various sources, including contributions from veterans' organizations that also qualified for federal matching funds, making the total available for the project of approximately \$6.5 million.

Construction began in late 1996 and was completed in May of 1998. On May 27, 1988, the nursing home began admitting patients and quickly reached a census of 80 patients.

History of Federal Certification

Last year, during the Legislative session, the Veterans' Nursing Home's lack of federal certification was a major point of concern for the Legislature. Assurances were made that the certification was forthcoming, and that the federal funding would be approved retroactively to the facility's opening the previous May. While the certification was approved in late January 1999, it was not retroactive, meaning that from May 1998 until January 1999, the facility was open, but did not receive any reimbursement from federal funds. From January 1999 until September 15, 1999, the facility was open, with federal certification, receiving federal funding. On September 15, 1999, the facility lost its federal certification and the State revoked the contract from Quality Health Care, Inc. In October, the Department approved a new contract with Traditions Health Care, effective through October 2002. Traditions operated the facility without federal certification until November 5, 1999, when federal certification (and the accompanying federal funds) was restored. During the time that Traditions was operating the facility without federal certification, the Department of Health utilized some of the original \$500,000 start-up appropriation to cover the federal share of the operating costs. Following the difficulty with Quality Health Care, a freeze on new admissions was put in place so that additional staff could be hired to improve the staff/patient ratios. The facility's census, as of November 15, 1999, was 67, with a current waiting list for future openings.

4.0 Additional Information: Veterans' Nursing Home

4.1 Funding History

	FY 1997	FY 1998	FY 1999	FY 2000	FY 2001
	Actual	Actual	Actual	Estimated	Analyst
Financing					
Federal Funds			\$396,265	\$880,000	\$1,168,000
Dedicated Credits Revenue		\$63,036	1,454,491	1,518,400	1,517,600
Transfers			(68,600)		
Beginning Non-lapsing		597,973	658,987	576,267	288,300
Closing Non-lapsing		(654,709)	(576,267)	(288,267)	(288,300)
Total	\$0	\$6,300	\$1,864,876	\$2,686,400	\$2,685,600
% Change			29501.2%	44.1%	0.0%
Programs					
Veteran's Nursing Home		\$6,300	\$1,864,876	\$2,686,400	\$2,685,600
Total	\$0	\$6,300	\$1,864,876	\$2,686,400	\$2,685,600
Expenditures					
Personal Services			\$101,700	\$96,708	\$101,800
In-State Travel			1,376	1,400	1,000
Current Expense		\$6,300	269,962	1,029,892	1,024,400
DP Current Expense			5,030	10,000	10,000
Capital Outlay			6,580		
Other Charges/Pass Thru			1,480,228	1,548,400	1,548,400
Total	\$0	\$6,300	\$1,864,876	\$2,686,400	\$2,685,600
FTE			2.0	1.0	1.0

4.2 Federal Funds

Program		FY 1999 Actual	FY 2000 Estimated	FY 2001 Analyst
Veterans' Nursing Home Administration	Federal	\$396,265	\$220,000	\$292,000
	Required State Match*	515,145	286,000	379,600
	Total	911,410	506,000	671,600
Veterans' Nursing Home Contract Operations	Federal	0	660,000	876,000
	Required State Match*	0	858,000	1,138,000
	Total	0	1,518,000	2,014,000
	Federal	396,265	880,000	1,168,000
	Required State Match*	515,145	1,144,000	1,517,600
	Total	\$911,410	\$2,024,000	\$2,685,600

* The Required State Match is paid by the nursing home residents.

4.3 Fees

	<u>Current</u> <u>FY 1999-00</u>	<u>Proposed</u> <u>FY 2000-01</u>	<u>Difference</u>	<u>Projected</u> <u>Revenue</u>
VETERANS' NURSING HOME				
Veterans' Nursing Home				
Patient Fee				
Cost, per patient, per day	not to exceed 150.00	not to exceed 150.00		