

the bill is silent. It is assumed, at this time, that the committee will complete research for the establishment of this network without use of outside staff or consultants.

Local Fiscal Highlights

- No direct fiscal effect on political subdivisions.

Detailed Fiscal Analysis

Provisions of the Bill

This bill creates the Committee to Establish the Veterans' Home Network. This seven-member committee is charged with conducting a thorough study to expand nursing home care and domiciliary services to sites other than the Ohio Veterans' Home and the Robert Secrest Nursing Home in Sandusky. This committee will cease to exist on August 1, 1999. The members of this committee will receive no compensation for their time, but will be reimbursed for travel, lodging, and meal expenses.

Under the bill, effective August 1, 1999, the Board of Trustees of the Veterans' Home will be granted the authority to expand nursing home and domiciliary care to sites outside Sandusky by entering into contracts or agreements to acquire real property or facilities to establish a network of care. The bill authorizes OVH to enter into contracts with private providers.

Fiscal Effects of Creating the Committee to Establish the Veterans' Home Network

Establishment of the seven-member committee described in this bill is expected to result in a negligible increase in expenditures to the GRF. The primary costs of establishing this committee will center around travel costs. According to the travel rules established for the House and Senate, both are reimbursed at \$.25 per mile. For the House, lodging is reimbursable up to \$55, while the Senate may be reimbursed for "reasonable" lodging expenses. For House members, the maximum meal reimbursement for one day is \$25, while the maximum allowance for Senate members is \$40 per day. The costs incurred by this committee are dependent upon how often the committee meets, and to what sites they will travel. On both of these issues, the bill is silent. In general, it is assumed that the costs incurred by this committee will be negligible, probably no more than a few thousand dollars, at most.

The bill requires this committee to conduct a study of potential network sites and to submit a report of its findings. At this time, it is assumed that the committee members will conduct this study, and that no additional staff will be needed to compile the report.

Fiscal Effects of Authorizing OVH to Implement the Veterans' Home Network

It is difficult to estimate the costs of implementing the Veterans' Home Network, since implementation of the network is dependent upon the recommendations of the committee, which

has yet to be convened. However, OVH could receive some revenue from the United States Department of Veterans' Affairs (VA) in the form of reimbursement for capital and care costs. The VA could reimburse the state for up to 60 percent of the costs of constructing or renovating facilities.

According to the Governor's Office of Veterans' Affairs, the Network is tentatively expected to include five additional facilities, including the renovation of an existing building located in Chillicothe to create a new 100-bed facility. Assuming an annual operating cost of \$40,000 to \$50,000 per bed, the cost of operating such a facility would be approximately \$4 million to \$5 million annually. Operating costs may be partially defrayed if existing staff at the Home in Sandusky provide central administration for various operations such as payroll for the additional facilities. The capital costs of renovating the building in Chillicothe would be in the neighborhood of \$250,000 to \$500,000. With VA approval, the federal government will reimburse the state for up to 60 percent of the capital costs for care facilities for veterans.

The Network is also expected to ultimately include four other additional care sites, each with approximately fifty beds. It is anticipated that two will be located east of Chillicothe and two will be located west of Chillicothe. The capital costs for each of these facilities is estimated at approximately \$4 million.

OVH currently collects \$7.73 per diem in resident assessments from domiciliary residents and \$22.40 per diem in resident assessments from nursing home residents. These assessment revenues are deposited to Fund 4E2, the Veterans' Home Operating Fund, and Fund 604, the Veterans' Home Improvement Fund, respectively. If new veterans care facilities were opened, the state would experience revenue gains in both Fund 4E2 and Fund 604.

In addition to resident assessment revenues, OVH receives per diem grants from the United States Department of Veterans' Affairs. The VA currently reimburses OVH \$16.13 per diem for domiciliary residents and \$39.74 per diem for nursing home residents. VA per diem grants are deposited in Fund 3L2. If new facilities were opened, OVH would experience a significant revenue gain in Fund 3L2.

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