

Ohio Veterans' Home Agency

House Transportation and Justice Subcommittee

Ivy Chen, Economist

Legislative Service Commission

March 13, 2003

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LSC Redbook

for the

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<i>Attachment: LSC Budget Spreadsheet by Line Item</i>	

Note: The estimated General Revenue Fund (GRF) spending for FY 2003 used in this LSC Redbook reflects the 2.5% reduction made as a result of the Governor's January 22, 2003 budget cut order. The executive reduction was applied across-the-board to FY 2003 GRF appropriations, subject to certain exceptions. Subsequent to such reductions (and not reflected in the Redbook), state agencies were permitted to reallocate the amount that each of their GRF appropriation line items was reduced, while still absorbing the 2.5% budget cut within the total amount of their GRF appropriations.

March 13, 2003

Ohio Veterans' Home Agency

- Increase in GRF appropriations of 33.1% in FY 2004
- Decrease in GRF appropriations of 7.4% in FY 2005

OVERVIEW

One of the state's first human services programs, the Ohio Veterans' Home Agency (OVH) is a nineteenth century creation that continues to meet a need in the twenty-first century. In 1886, the General Assembly, faced with a burgeoning population of aging Civil War veterans and inadequate local infrastructure to care for them, established the Ohio Soldiers' and Sailors' Home, located on a 100-acre campus in Sandusky. Currently, about 100 similar veterans' homes operate in 47 other states. The Ohio Soldiers' and Sailors' Home was renamed to the Ohio Veterans' Home in 1979. House Bill 675 of 124th General Assembly renamed the Ohio Veterans' Home to the Ohio Veterans' Home Agency to reflect the creation of the second Veterans' Home in Georgetown, Ohio. The Ohio Veterans' Home Agency is dedicated to "serving those who served" by providing a safe, healthful, and home-like living environment for elderly, chronically ill, and disabled veterans. Since its opening in 1888, over 50,000 veterans have lived at the Home. To be eligible for admission, a veteran must have served during wartime, been honorably discharged, and have been a resident of Ohio for five consecutive years prior to admission.

Currently, OVH provides long-term care to veterans in three different settings. The 293-bed Veterans Hall domiciliary provides independence and freedom comparable to community living for residents able to care for themselves. Currently, 225 of the 293 beds in the domiciliary are occupied. A second level of care, currently referred to as "dom-plus," offers an intermediate level of care for 42 residents. These "dom-plus" residents are located in a separate wing of Veterans Hall. The third level of care, Secrest-Giffin nursing home, adjoins the Veterans Hall, and provides a greater level of care for 427 residents who require more assistance with daily activities and those who require around-the-clock medical care. Among the 427 nursing home residents, 140 of them are in special care units for Alzheimer's, wandering and other related dementias.

The Ohio Veterans' Home is funded through a mix of federal and state dollars and resident fees. Each resident is assessed a monthly fee for living at the Home. The fee is based on the level of care provided and the resident's ability to pay. Eighty percent of revenues from these assessments are placed in State Special Revenue (SSR) Fund 4E2 to be used for operating costs and 20% of revenues from these assessments are placed in SSR Fund 604 to be used for equipment and capital projects. Ohio Veterans' also receives funds from state General Revenue Fund (GRF) and a per diem grant from the Department of Veterans Affairs (VA) for residents meeting VA income eligibility requirements.

The need for an additional state veterans' home has been identified, as defined by H.B. 770 of the 122nd General Assembly. During the current biennium, the state committed capital funding to provide 35% of the cost of construction of the new home in Georgetown, Ohio and the VA awarded a federal grant that funded 65%¹. The construction phase of the project is well underway and will be completed in the spring of 2003. The Georgetown home is scheduled to be fully operational in FY 2004.

Executive Recommendations

The Executive has recommended GRF appropriations of \$26,776,864 for FY 2004 (a 33.1% increase over FY 2003 estimated expenditures) and \$24,794,040 for FY 2005 (7.4% below FY 2004 recommended appropriation levels).

¹ Am. Sub. H.B. 283 of the 124th General Assembly provided a \$4,200,000 appropriation, representing the state's share of the cost of construction for the veterans' home in Georgetown.

ANALYSIS OF EXECUTIVE PROPOSAL

Ohio Veterans’ Home Agency

Purpose: To provide long term care for elderly, chronically ill, and disabled veterans in a home-like environment that will allow them to achieve their highest level of functional ability.

The following table shows the line items that are used to fund the OVH as well as the Governor’s recommended funding levels.

Fund	ALI	Title	FY 2004*	FY 2005*
GRF	430-100	Personal Services	\$20,664	\$18,247
GRF	430-200	Maintenance	\$6,113	\$6,547
3L2	430-601	Federal Grants	\$12,220	\$14,697
4E2	430-602	Veterans’ Home Operating	\$6,720	\$7,769
484	430-603	Rental and Service Revenue	\$710	\$710
604	430-604	Veterans’ Home Improvement	\$770	\$770
Total funding: Ohio Veterans’ Home Agency			\$47,197	\$48,740

*Numbers are rounded to the nearest thousand

Specific programs within the OVH budget that this analysis will focus on include:

- **SANDUSKY VETERANS’ HOME**
- **GEORGETOWN VETERANS’ HOME**

Sandusky Veterans’ Home

Program Description: Currently, Sandusky Veterans’ Home is the only agency in the state of Ohio dedicated to providing long-term care solely to veterans. Grants from the VA to assist in the costs of long-term care for veterans are limited to state Veterans’ Home facilities. The OVH provides long-term care services for all members of the armed forces who served in the regular or volunteer forces of the United States or the Ohio National Guard, during a time of armed conflict, who have been honorably discharged, or separated under honorable conditions, and who are “disabled by disease, wound, or otherwise, and are by reason of such disability incapable of earning their living.”

Funding Source: GRF, GSF, SSR, FED

Line Items: 430-100 and 430-200 (GRF); 430-603 (GSF); 430-602 and 430-604 (SSR); 430-601 (FED)

Implication of the Executive Recommendation: The appropriation amounts recommended by the Executive may allow the Sandusky Veterans’ Home to continue at about the same level of service in the upcoming biennium. Please see the “Requests not Funded” section of this red book for more information.

Georgetown Veterans' Home

Program Description: The Ohio Veterans' Home Agency plans to open and operate a 168 bed Veterans Home in Georgetown, Ohio, with 84 nursing home beds and 84 special care nursing home beds. This facility is being built with a federal grant and state matching funds. The facility will be fully operational sometime in FY 2004.

According to OVH, the benefit of expanding the Veterans' Home to Georgetown is that it will allow the OVH to serve a population to veterans in Ohio who, because of location, have been underserved since the Home opened in 1888.

The GRF will fund a portion of the operating costs of the Georgetown Veterans' Home. Per diem grants from the VA and assessments of the individual residents will provide the remainder of the funding. For FY 2004, the Executive has recommended the following percentage of contributions by funding source for the operation of the Georgetown Veterans' Home: 56.73% from the GRF, 25.89% from the VA, and 15.87% from resident assessments. For FY 2005, the Executive has recommended the following percentage of contributions by funding source: 50.87% from the GRF, 30.15% from the VA, and 17.52% from resident assessments.

As stated above, the funding sources for the veteran homes will be significantly different for FYs 2004 and 2005. The Georgetown Veterans' Home will be filling up throughout the course of FY 2004, as residents will be admitted gradually throughout the fiscal year. Accordingly, the revenues generated from the VA per diem and resident assessments will gradually increase throughout the year, since these revenues are dependant upon the number of residents actually living at the new home. In FY 2005, it is assumed that all 168 residents will be living at the Georgetown Veterans' Home for the entire fiscal year. Thus, the revenues generated from the VA per diem and assessments will represent a full year's collections for all 168 residents.

Funding Source: GRF, GSF, SSR, FED

Line Items: 430-100 and 430-200 (GRF); 430-603 (GSF); 430-602 and 430-604 (SSR); 430-601 (FED)

Implication of the Executive Recommendation: The appropriation amounts recommended by the Executive may allow for the operation of the Georgetown Veterans' Home beginning in the fall of 2003 (i.e., FY 2004) and continuing through the upcoming biennium. Please see "Requests not Funded" section of this redbook for more information.

ADDITIONAL FACTS AND FIGURES

Ohio Veterans' Home Staffing Levels*						
Functional Area	2000	2001	2002	2003	Estimated	
					2004	2005
Administration	23	23	25	25	25	25
Secrest-Giffin Nursing Home	434	434	435	471	471	471
Veterans Hall Domiciliary	47.5	47.5	47.5	47.5	47.5	47.5
Services	63	63	67	67	67	67
Veterans Hall of Fame	1	1	1	1	1	1
Maintenance	40.5	40.5	40.5	40.5	40.5	40.5
Georgetown Veterans' Home					271.5	271.5
Totals	609	609	616	652	923.5	923.5

*Staff numbers reflect all positions, including vacancies.

The OVH staffing levels are estimated to increase by 7% between 2000-2005. Two reasons account for this increase:

- (1) In FY 2003, the Department of Health required that the Veterans' Home hire additional direct care staff in order to meet state staffing regulations.
- (2) In FYs 2004 and 2005, the Georgetown Veterans' Home will open, which will require additional staff.

Occupancy Rates Increase

In FY 2003, the Secrest-Giffin nursing home was at full-occupancy. However, the Veterans Hall domiciliary dropped to a 76% occupancy rate. Occupancy data are presented in the tables below:

Veterans Home Population Count and Occupancy Rates by Year						
Year	Secrest-Giffin Nursing Home		Veterans Hall Domiciliary		Ohio Veterans Home Total	
	Number of Residents	Percent Occupancy	Number of Residents	Percent Occupancy	Number of Residents	Percent Occupancy
1996	342	80	193	66	535	74
1997	371	87	203	69	574	79
1998	372	87	224	77	596	82
1999	424	99	235	80	659	91
2000	425	99	236	81	661	92
2001	427	100	221	76	648	90
2002	425	99	236	81	661	92
2003	427	100	221	76	648	90

Federal Veterans Administration Per Diem Grants Continue To Rise

The Ohio Veterans Home receives per diem grants from the federal Department of Veterans Affairs (VA) for each resident based on the level of care and the resident's ability to pay. Between 1993 and 2002, VA per diem rates increased 81% for the nursing home and 104% for the domiciliary. The executive recommended budget assumes no increase in the per diem rates for FYs 2004 and 2005. VA per diem rates are summarized in the following table:

Veterans Administration Per Diem Rates		
Year (rates effective 10/1)	Nursing Home Resident	Domiciliary Resident
1993	\$31.03	\$13.25
1994	\$35.37	\$15.11
1995	\$37.56	\$15.33
1996	\$39.74	\$16.13
1997	\$40.00	\$17.78
1998	\$43.92	\$19.52
1999	\$50.55	\$21.43
2000	\$51.38	\$22.93
2001	\$53.17	\$24.40
2002	\$56.24	\$26.97

Average Daily Costs

Average daily costs for residents in both the Secrest-Giffin nursing home and the Veterans Hall domiciliary continue to increase. Unlike other nursing homes, the cost of care at the Veterans' Home includes all ancillary services, as well as, physician, dental, and optometric care. The average daily costs are summarized in the table below:

Average Daily Cost of Care				
Fiscal Year	Veterans Hall Domiciliary	Percent Change	Secrest-Giffin Nursing Home	Percent Change
1996	\$63.79	N/A	\$147.80	N/A
1997	\$63.09	(1.1)	\$150.91	2.1
1998	\$64.82	2.7	\$156.36	3.6
1999	\$63.57	(1.9)	\$159.61	2.1
2000	72.60	14.2	170.34	6.7
2001	78.20	7.7	174.11	2.2
2002	84.77	8.4	177.79	2.1

Source of Revenues

As stated in the table below, the largest source of revenue for OVH is the GRF. The next largest source of revenue is federal grant moneys.

Percentage of OVH Budget by Revenue Source				
Year	State GRF	Federal	Resident	Rotary Fund (GSF 484)
1995	67.06	21.54	11.40	N/A
1996	61.76	24.94	13.30	N/A
1997	60.46	25.07	14.46	N/A
1998	58.80	26.51	14.68	N/A
1999	59.27	24.98	15.75	N/A
2000	58.68	25.26	15.75	.31
2001	56.08	28.42	14.46	1.05
2002	53.86	26.52	18.39	1.22
2003	53.10	27.95	17.64	1.31

PERMANENT AND TEMPORARY LAW

House Bill 95, as introduced, contains no permanent or temporary law provisions affecting the Ohio Veterans' Home Agency.

REQUESTS NOT FUNDED

The difference, or variance, between what the Ohio Veterans’ Home Agency (OVH) requested for its biennial budget and the Governor’s recommended funding level is summarized in the table below.

Ohio Veterans’ Home Agency							
Fund	Line Item	FY 2004 Requested	FY 2004 Recommended	Difference	FY 2005 Requested	FY 2005 Recommended	Difference
GRF	430-100	\$21,563,030	\$20,664,311	(\$898,719)	\$19,990,304	\$18,247,112	(\$1,743,192)
GRF	430-200	\$6,394,010	\$6,112,553	(\$281,457)	\$6,926,618	\$6,546,928	(\$379,690)
GSF	430-603	\$709,737	\$709,737	\$0	\$709,737	\$709,737	\$0
FSR	430-601	\$12,000,000	\$12,220,340	\$220,340	\$14,040,000	\$14,696,578	\$656,578
SSR	430-602	\$6,433,806	\$6,719,938	\$286,132	\$7,433,806	\$7,769,277	\$335,471
SSR	430-604	\$881,435	\$770,096	(\$111,339)	\$874,410	\$770,096	(\$104,314)
	Total	\$47,982,018	\$47,196,975	(\$785,043)	\$49,974,875	\$48,739,728	(\$1,235,147)

When OVH prepared its budget request, the Georgetown Veterans’ Home was expected to open in June 2003. However, the Home currently is expected to open in the fall of 2003 (FY 2004). Thus, the Executive’s recommended funding level for FY 2004 is less than what OVH originally requested by \$785,043 in FY 2004 and \$1,235,147 in FY 2005.

According to a spokesperson from OVH, the agency will coordinate the opening of the Georgetown Veterans’ Home and the influx of the residents to coincide with available funding. However, the agency needs additional funding of about \$600,000 for FY 2004. This is in addition to the executive’s recommended funding level. The Ohio Veterans Home planned to go to the Controlling Board in January 2003 to request funding for start-up supplies that are required to make the Georgetown Veterans’ Home operational (e.g., food, drugs, patient supplies, linens, pots, pans, etc.). However, it did not happen. Since OVH did not receive this additional funding in FY 2003, it has not purchased the necessary start-up items.

The Executive’s recommended funding level for FY 2005 is about \$1.2 million less than what OVH originally requested. According to a spokesperson from OVH, this lack of funding will affect the agency’s operation. The agency does not have an exact plan for dealing with the cut at this stage. One possibility is to use an Early Retirement Incentive plan. This plan has been approved by the OVH Board of Trustees and could save the agency about \$600,000 in FY 2005. However, the plan is subject to the approval of the Office of Budget and Management.

General Revenue Fund

GRF 430-100 Personal Services

2000	2001	2002	2003 Estimate	2004 Executive Proposal	2005 Executive Proposal
\$13,832,625	\$13,934,450	\$14,515,770	\$15,048,960	\$20,664,311	\$18,247,112
	0.7%	4.2%	3.7%	37.3%	-11.7%

Source: GRF

Legal Basis: ORC 5907

Purpose: This line item is used for the expenses associated with payroll and fringe benefits. Approximately one percent of these funds goes toward purchased services.

GRF 430-200 Maintenance

2000	2001	2002	2003 Estimate	2004 Executive Proposal	2005 Executive Proposal
\$5,085,709	\$5,297,387	\$5,147,940	\$5,069,180	\$6,112,553	\$6,546,928
	4.2%	-2.8%	-1.5%	20.6%	7.1%

Source: GRF

Legal Basis: ORC 5907

Purpose: This line item is used to pay maintenance costs of the Veterans' Home.

General Services Fund Group

484 430-603 Rental and Service Revenue

2000	2001	2002	2003 Estimate	2004 Executive Proposal	2005 Executive Proposal
\$111,013	\$354,273	\$436,655	\$509,737	\$709,737	\$709,737
	219.1%	23.3%	16.7%	39.2%	0.0%

Source: GSF: Moneys collected from temporary use agreements for Ohio Veterans' Home buildings and grounds, sale of meals, pharmacy revenues, and rentals, leases or sharing agreements for the use of OVH facilities, supplies, equipment, utilities or services

Legal Basis: ORC 5907.15 (originally established by H.B. 770 of the 122nd G.A.)

Purpose: Appropriations in this rotary fund are used to purchase food products or to maintain the areas of the Veterans' Home that are rented or leased.

Federal Special Revenue Fund Group

3L2 430-601 Federal Grants

2000	2001	2002	2003 Estimate	2004 Executive Proposal	2005 Executive Proposal
\$8,212,120	\$9,585,358	\$9,650,843	\$10,859,342	\$12,220,340	\$14,696,578
	16.7%	0.7%	12.5%	12.5%	20.3%

Source: FED: CFDA 64.014, Veterans' State Domiciliary Care, and 64.015, Veterans State Nursing Home Care

Legal Basis: ORC 5907.141 (originally established by Sub. H.B. 715 of the 120th G.A. in 1995)

Purpose: Funds are used to pay Veterans' Home operating expenses.

State Special Revenue Fund Group

4E2 430-602 Veterans Home Operating

2000	2001	2002	2003 Estimate	2004 Executive Proposal	2005 Executive Proposal
\$4,386,557	\$4,272,087	\$6,069,290	\$6,183,806	\$6,719,938	\$7,769,277
	-2.6%	42.1%	1.9%	8.7%	15.6%

Source: SSR: Eighty percent of the fees collected from OVH residents, based upon their ability to pay

Legal Basis: ORC 5907.13 and ORC 5907.131

Purpose: This line item is used to cover expenses associated with the Veterans' Home's operations.

604 430-604 Veterans Home Improvement

2000	2001	2002	2003 Estimate	2004 Executive Proposal	2005 Executive Proposal
\$776,960	\$500,271	\$655,117	\$670,096	\$770,096	\$770,096
	-35.6%	31.0%	2.3%	14.9%	0.0%

Source: SSR: Twenty percent of the fees charged to OVH residents, based upon their ability to pay

Legal Basis: ORC 5907.13 and ORC 5907.14

Purpose: Funds are used to pay the cost of equipment and capital improvements at Veterans' Home, including projects involving participation by the federal government or other governmental agencies.

LSC Budget Spreadsheet by Line Item, FY 2004 - FY 2005

Fund	ALI	ALI Title	2002	Estimated 2003	Executive 2004	% Change 2003 to 2004	Executive 2005	% Change 2004 to 2005
OVH Ohio Veterans' Home Agency								
GRF	430-100	Personal Services	\$ 14,515,770	\$15,048,960	\$ 20,664,311	37.3%	\$ 18,247,112	-11.7%
GRF	430-200	Maintenance	\$ 5,147,940	\$5,069,180	\$ 6,112,553	20.6%	\$ 6,546,928	7.1%
General Revenue Fund Total			\$ 19,663,710	\$ 20,118,140	\$ 26,776,864	33.1%	\$ 24,794,040	-7.4%
484	430-603	Rental and Service Revenue	\$ 436,655	\$509,737	\$ 709,737	39.2%	\$ 709,737	0.0%
General Services Fund Group Total			\$ 436,655	\$ 509,737	\$ 709,737	39.2%	\$ 709,737	0.0%
3L2	430-601	Federal Grants	\$ 9,650,843	\$10,859,342	\$ 12,220,340	12.5%	\$ 14,696,578	20.3%
Federal Special Revenue Fund Group Total			\$ 9,650,843	\$ 10,859,342	\$ 12,220,340	12.5%	\$ 14,696,578	20.3%
4E2	430-602	Veterans Home Operating	\$ 6,069,290	\$6,183,806	\$ 6,719,938	8.7%	\$ 7,769,277	15.6%
604	430-604	Veterans Home Improvement	\$ 655,117	\$670,096	\$ 770,096	14.9%	\$ 770,096	0.0%
State Special Revenue Fund Group Total			\$ 6,724,406	\$ 6,853,902	\$ 7,490,034	9.3%	\$ 8,539,373	14.0%
Total All Budget Fund Groups			\$ 36,475,614	\$ 38,341,121	\$ 47,196,975	23.1%	\$ 48,739,728	3.3%