



NATIONAL ASSOCIATION OF STATE VETERANS HOMES

“Caring for America’s Heroes”

**Testimony of
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**Before the
SENATE COMMITTEE ON VETERANS’ AFFAIRS**

**Hearing on
“AN ABIDING COMMITMENT TO THOSE WHO SERVED:
EXAMINING VETERANS’ ACCESS TO LONG TERM CARE.”**

JUNE 7, 2023

Chairman Tester, Ranking Member Moran, and Members of the Committee:

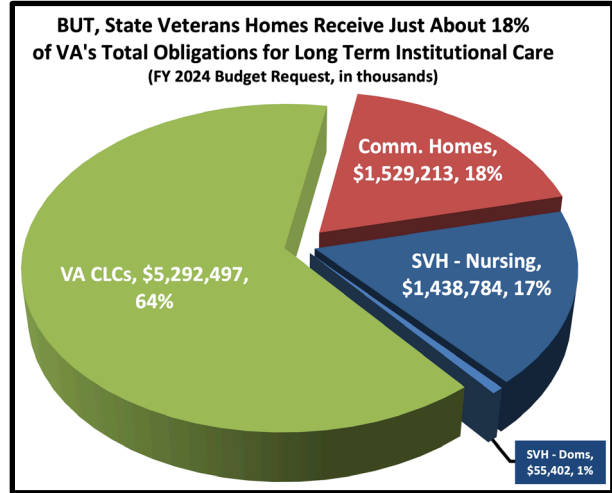
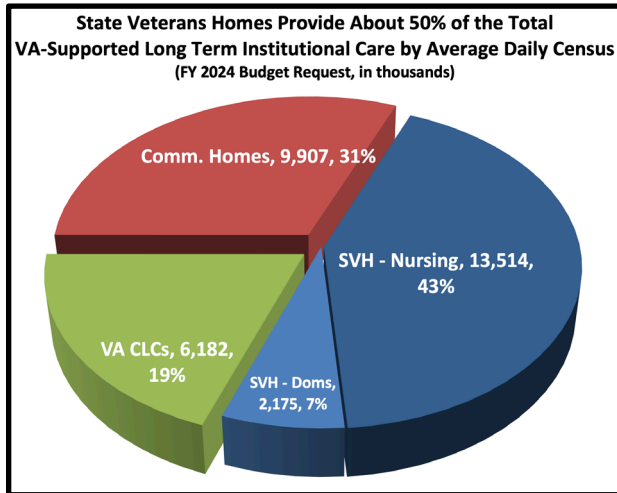
Thank you for inviting the National Association of State Veterans Homes (NASVH) to testify on ways to strengthen and expand long term care for aging and ill veterans. As you know, NASVH is an all-volunteer organization dedicated to promoting and enhancing the quality of care and life for the veterans and families in our Homes through education, networking, and advocacy.

My full-time job is Administrator of the State Veterans Home in Fayetteville, North Carolina, where I oversee a 150 bed facility providing skilled nursing care to aging and disabled veterans. Today I am pleased to share with the Committee my direct experiences and observations, together with those of my NASVH colleagues, about how the pandemic has and continues to challenge State Veterans Homes, and ways we can work together with VA to help bring high-quality long term care services and supports to more veterans, regardless of where they live.

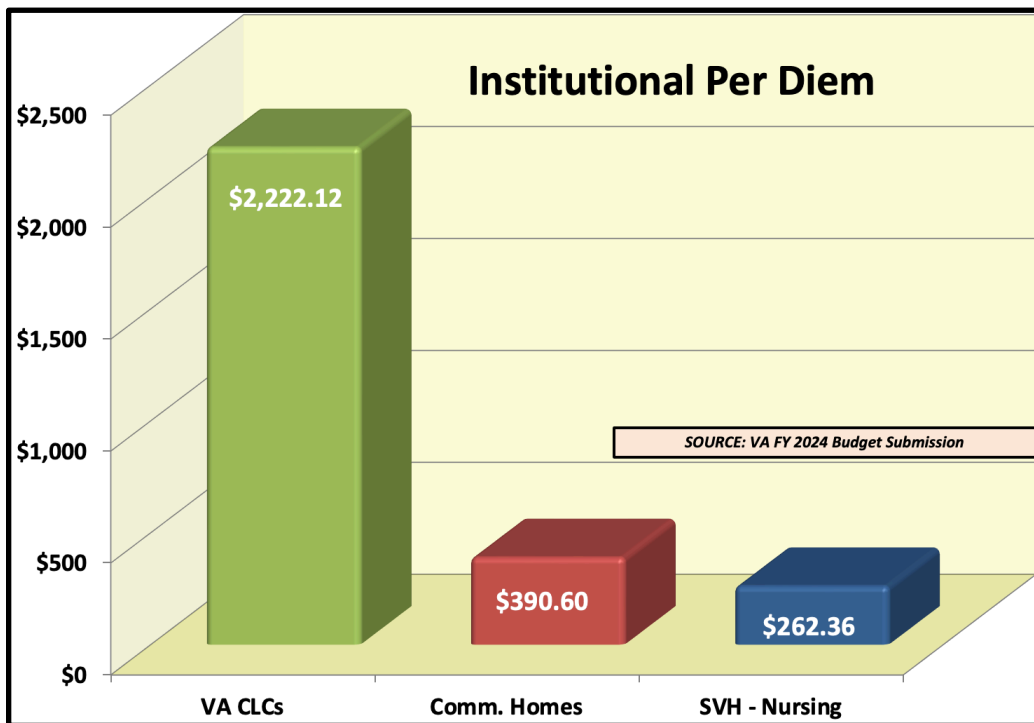
Background

The State Veterans Homes program is a partnership between the federal government and state governments that dates back to the post-Civil War period. Today, there are 163 State Veteran Homes located in all 50 states and Puerto Rico, with over 30,000 authorized beds providing a mix of skilled nursing care, domiciliary care, and adult day health care.

SVHs provide approximately half of all federally-supported institutional long-term care for our nation’s veterans according to VA’s FY 2024 budget submission. However, State Veterans Homes will consume less than 20% of VA’s total FY 2024 obligations for veterans’ long term nursing home care.



According to VA, the institutional per diem for SVH skilled nursing care is about 33% less than private sector community nursing homes and about 88% less than VA’s Community Living Centers (CLCs). While there are important differences among the three programs, it’s clear that the SVH partnership provides tremendous value for VA and for the veterans it serves.



To help cover the cost of America’s veterans who choose to reside in SVHs, VA provides per diem payments at different rates for skilled nursing care, domiciliary care, and adult day health

care (ADHC). VA also provides State Home Construction Grants to cover up to 65 percent of the cost to build, renovate and maintain SVHs, with states required to provide at least 35 percent in matching funds for those projects.

As a responsibility of providing federal funding, VA certifies and closely monitors the care and treatment of veterans in SVHs. Although VA does not have direct statutory “...*authority over the management or control of any State home.*” [38 USC 1742(b)], federal law provides VA the authority to “...*inspect any State home at such times as the Secretary deems necessary.*” and to withhold per diem payments if VA determines that the Home fails, “*to meet such standards as the Secretary shall prescribe...*” [38 USC 1742(a)]

Oversight of State Veterans Homes

VA performs a comprehensive recognition survey before any new SVH can be certified to receive federal financial support, and then conducts annual inspection surveys of each Home to assure resident safety, high-quality clinical care, and sound financial operations. This inspection survey is typically an unannounced week-long comprehensive review of the Home’s facilities, services, clinical care, safety protocols and financial operations.

There are extensive regulations covering every aspect of SVH operations (38 C.F.R. Part 51, Subpart D, sections 51.60 through 51.210) providing a description of the standards for skilled nursing facilities that every State Veteran Home must comply with to ensure resident rights, quality of life, quality of care, nursing services, dietary services, physician services, specialized rehabilitative services, dental services, pharmacy services, infection control, and the safe physical environment of the Homes. In total, there are more than 200 clinical standards reviewed during VA’s annual inspection survey, in addition to dozens of fire and life safety standards, which are outlined in the National Fire Protection Association (NFPA) Life Safety Codes and Standards. Finally, VA conducts a comprehensive financial audit of the Home’s financial operations and ensures proper stewardship of residents’ personal funds. There are similarly detailed regulations VA uses to oversee domiciliary and adult day health care programs run by State Veterans Homes.

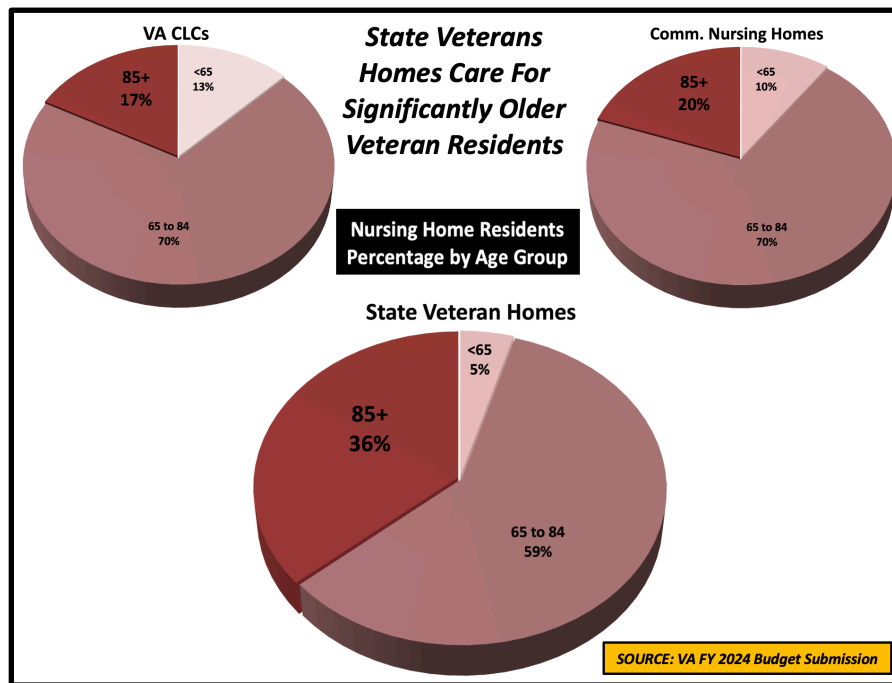
About 72 percent of State Veterans Homes are also certified to receive Medicare support for their residents and must undergo annual inspections by the Centers for Medicare and Medicaid Services (CMS) to assure safety and quality care. The CMS inspection survey includes more than 90 percent of the same clinical life and safety sections of the VA inspection survey in a week-long process. All deficiencies identified by the CMS inspection must be corrected by the Home as a condition of continuing to receive CMS financial support.

In addition to the VA and CMS inspections, State Veterans Homes may be subject to inspections and audits from VA’s Office of Inspector General as well as the Civil Rights Division of the Department of Justice. Furthermore, SVHs usually function within or are overseen by a state’s department or division of veterans’ affairs, public health, or other accountable agency, and typically operate under the governance and oversight of a board of trustees, a board of visitors, or other similar accountable public body. State Veterans Homes also receive regular and frequent inspections by state and local authorities examining fire safety preparedness, pharmaceutical

practices, health and sanitary protocols, food safety practices and other public health and sanitization protocols. As public institutions, SVHs operate with complete transparency.

Expand Both Home and Community Based Services and Traditional Nursing Home Care

There are an estimated 8.4 million living veterans aged 65 or older, including approximately 2.6 million who are 80 or older, of which about 1.3 million are 85 or older. VA data shows that SVHs care for a significantly older veteran population than either VA CLCs or community (contracted) nursing homes; about twice as high a percentage. State Homes also provide more long-stay care and more end-of-life care, as would be expected for their older veteran population.



In total, the average daily census (ADC) for VA-supported nursing home, both long and short stay, is only about 32,000 veterans; which is less than one-half of 1% of the approximately 8.4 million living veterans 65 or older, and just over 2% of those 85 plus; and these percentages are projected by VA to drop in future years.

Alarming, this represents a dramatic decrease in VA-supported nursing home care provided to veterans since the onset of the pandemic. In FY 2019, the total ADC for all VA-supported nursing home care was over 42,000 with a total of more than 115,000 veterans cared for. For FY 2024, VA projects an ADC of less than 32,000 veterans, which is a 23% reduction. The total number of veteran patients for FY 2024 is projected to drop to approximately 80,000, which would be about a 30% reduction compared to FY 2019. For State Veterans Homes, the FY 2024 ADC for nursing home care is projected to be 30% less than prior to the pandemic, dropping from over 20,000 veterans to less than 14,000, while the total number of veteran patients cared for is expected to be 33% less, down from about 30,000 in FY 2019 to about 20,000.

Over the past decade, VA has been placing greater focus and resources on home and community-based services (HCBS) with the stated goal of “rebalancing” between institutional and non-

institutional care. NASVH certainly understands and strongly supports the need for expanded HCBS options, however the amount of nursing home care offered by VA is woefully inadequate to the overall need, and while it may diminish some, it will never go away. There will always be significant numbers of veterans who lack adequate family support to allow them to age at home. There are also many of veterans who will be able to utilize HCBS for some time but will eventually reach an age and stage where traditional nursing home care is required. For these reasons, Congress and VA must continue to make smart investments to sustain and expand traditional bed-based care. NASVH strongly supports expanding home and community based care, but it should be in addition to, not as a subtraction from facility-based care.

NASVH and our member State Veterans Homes will continue to seek new and innovative ways of delivering long term services to aging and ill veterans, including supporting veterans who want to age in place; however, it would be a grave mistake to neglect or reduce the existing SVH infrastructure. SVHs understand aging veterans' needs and have expertise in connecting them with their VA benefits and services, as well as helping them with their eligibility. With our clinical expertise and existing infrastructure, State Veterans Homes could potentially serve as hubs in communities across the country, particularly in rural areas, to offer aging veterans a full spectrum of long term support services, including home-based care.

How the COVID-19 Pandemic Has Impacted State Veterans Homes

Mr. Chairman, when COVID-19 first emerged in early 2020, State Veterans Homes were among the first institutions to take significant precautions to protect our residents. Battling communicable viruses has always been a regular part of our operations and we have strong infection control regimens which have long been utilized to help prevent and mitigate the spread of influenza and other viruses in our facilities. However, the outbreak and spread of COVID-19, particularly in its early asymptomatic form, made it virtually impossible to prevent it from entering any facility or location in the country. Despite the significant precautions taken – including enhanced use of personal protective equipment (PPE), suspension of visitation and new admissions, screening of staff and residents for symptoms, and strict social distancing – the lack of vaccines, treatments and testing capacity made all nursing homes a prime target of COVID-19.

It is important to note that veterans in State Veterans Homes are primarily older men who have significant disabilities and comorbidities, and that studies have concluded that COVID-19 disproportionately affected older men with underlying health conditions. As noted above, the percentage of veterans residing in SVHs aged 85 or older is about twice as high as VA's CLCs or community nursing homes.

From the onset of the pandemic, State Veterans Homes proactively sought to procure sufficient PPE to protect veterans and staff. However, inadequate national inventory and stockpiles of PPE – particularly N95 masks, isolation gowns and face shields – posed a tremendous problem. Another critical challenge was the inability to quickly and accurately test for COVID-19 and receive timely, valid results for both residents and staff.

As a result, when one resident or staff member tested positive, Homes would often quarantine numerous other staff or residents who might have come in contact with the person who tested

positive. This resulted in large numbers of staff in some State Veterans Homes being required to remain at home until they passed a 14-day quarantine period or had one or more negative test results to indicate they did not carry the virus. Consequently, SVHs were forced to dramatically increase overtime for remaining staff or to bring in additional temporary staff from agencies, at a greatly increased cost to the Homes.

As the pandemic stretched from months to years, the impact on the finances of SVHs has been devastating. Every State Veteran Home has had to significantly increase expenditures for PPE, cleaning and sanitizing supplies, and laundry services. Depending on the level of COVID-19 spread in a facility, Homes have had enormous increases in personnel costs to cover wages, overtime, hazard pay, sick leave and temporary staffing. In addition, many Homes have made modifications to buildings and rooms for isolation and further enhanced sanitization measures to include new technologies and new equipment.

At the same time, occupancy levels in most SVHs declined as veteran residents passed away due to COVID and non-COVID causes, and because new admissions were suspended. Today, even with effective vaccines, treatments, and testing now available to mitigate many of the dangers from COVID-19, SVHs still face significant challenges in bringing their occupancy rates back up to normal levels, primarily due to national staffing shortages impacting all health care facilities. As a result, the level of VA per diem support provided each year to State Veterans Homes has declined significantly over the past three years, creating serious financial challenges for Homes to remain solvent at a time when their state budgets are also in crisis.

Waivers During the Public Health Emergency

As the pandemic quickly took hold in March 2020, NASVH worked with this Committee and its counterpart in the House to look for ways to mitigate the impact of COVID-19. One of the key challenges was meeting clinical staffing requirements as employees either contracted COVID-19 or had to be quarantined due to exposure. To help limit the loss of financial support during the pandemic, Congress included provisions in the CARES Act (P.L. 116-136) to provide temporary waivers from occupancy rates and veteran percentage requirements, as well as a provision authorizing VA to provide PPE to SVHs during this public health emergency. VA was also able to waive the bed hold payment minimum occupancy requirement during the public health emergency so that SVHs would not lose per diem for veterans who were receiving temporary in-patient treatment in an acute care setting.

However, with the formal end of the public health emergency on May 11, 2023, SVHs are now losing this significant financial support from VA, which is particularly challenging at a time when staffing shortages continue to limit our ability to provide services to more veterans who are presently in need of our services

Chairman Tester, we want to thank you and Senator Murkowski (AK) for introducing S. 1436, the *CHARGE Act*, which, among other provisions, would allow SVHs to receive per diem payments for bed-holds even when they do not meet the required 90% occupancy rate. The bill would also continue to allow VA to provide PPE and supplies to SVHs at its discretion to help keep residents and staff safe during other health emergencies. We hope that the Committee will be able to move this legislation swiftly through the Senate.

Increase Support for SVH Per Diem and Construction Grants

NASVH would also like to thank this Committee for all its outreach and support during the pandemic, particularly for helping to secure emergency supplemental funding for SVHs. As a result of provisions included in the American Rescue Plan (ARP) Act of 2021 and the Coronavirus Aid, Relief, and Economic Security Act (CARES) Act as amended by the Consolidated Appropriations Act, 2021, VA was able to provide \$1 billion in supplemental support to SVHs at a time of dire need.

However, although the public health emergency has formally ended, State Veterans Homes continue to face significant challenges in caring for aging and disabled veterans, and we respectfully ask this Committee to continue working with us to address these needs.

Although VA is authorized to pay a basic per diem that covers up to 50% of the cost of a veteran's care, the basic per diem rates in recent years have been less than 30% of the cost of care, and even lower during the height of the pandemic. NASVH is seeking new legislation that would set the basic per diem rate permanently at 50% of the daily cost of care.

We also ask Congress to work with VA to review current regulations pertaining to the prevailing per diem payments for State Homes and enact a methodology that pays for all specialty care services (i.e., psychiatric care) and high-cost medications. The VA should further review current regulations to add services such as outpatient therapy to be covered services offered by VA and made part of the State Home per diem program.

NASVH is also seeking support from Congress to fully fund the State Home Construction Grant program. Over the past decade, annual appropriations for this program have been extremely volatile: typically providing funding for only a small portion of the qualified state matching grants, but fortunately with a couple of years that met the full demand for federal matching funds. Last week VA released its updated FY 2023 VA State Home Construction Grant Priority List which shows there are now 73 Priority Group 1 projects, those that already have the state matching funds secured, with an estimated VA share totaling more than \$1 billion. In addition, there are 32 other submitted grant requests awaiting state matching funding (Priorities 2 to 7), for which the federal share would require an additional \$720 million.

Unfortunately, VA's FY 2023 appropriation for State Home Construction Grants is only \$150 million, which will fully fund just 6 of the 73 approved but pending projects, and partially fund one large new Home construction project in California. For FY 2024, VA has requested just \$164 million, which would not even complete funding for the California project next year.

Mr. Chairman, NASVH is seeking support from this Committee and Congress to substantially increase funding for the State Home Construction Grant program – at least \$600 million in FY 2024 —so that states can renovate, upgrade, and replace aging facilities to provide greater safety and quality of care. Many of these grants will be used to modernize critical air and water systems that are vital to preventing the spread of viruses and contagious diseases.

Faithfully Implement Standardized Sharing Agreements and Geriatric-Psychiatry Pilot

Public Law 117-328 enacted last December requires VA to create a standardized process for State Veterans Homes to enter into sharing agreements with VA medical facilities providing medical services to veterans in SVHs. The lack of standardized sharing agreements has been a longstanding problem that hinders SVHs and the VA from effectively working together to ensure veterans receive all the care they have earned. The law also requires VA to create a new geriatric psychiatry pilot program at State Veterans Homes. Aging veterans with severe mental health and behavioral issues represent a challenge for both VA and SVHs due to the high level of supervision and intensive care required, particularly for veterans who pose a danger to themselves or others. Several states have already indicated a willingness to move forward with implementing geriatric psychiatry programs, including Louisiana, Washington, and West Virginia. For the pilot program to be successful, however, VA must provide Veterans Homes with adequate financial support that allows them to develop new and innovative programs.

Since enactment of this legislation, NASVH has had limited conversations with VA about how and when they would be implementing these critical statutory provisions. NASVH is asking Congress to help ensure that VA implements these provisions expeditiously, faithfully, and in full consultation with leaders from NASVH and State Veterans Homes.

New Legislation to Address Staffing Challenges

As this Committee is aware, there is a national staffing crisis affecting virtually every health care system, particularly for nurses and other critical clinical positions. We have been grateful for the Nurse Recruitment and Retention Scholarship program which has had a positive impact on a number of SVHs. We are asking Congress to expand that program so that more Homes can benefit from it. At the same time, we believe that a similar program for other critical staffing vacancies could help boost the ability of SVHs to compete with private sector employers who are able to offer higher salaries and benefit packages. We hope to work with this Committee to develop new and innovative programs that will help SVHs recruit and retain sufficient staffing to allow more veterans to be served by our Homes.

Enact Legislation to Strengthen Domiciliary Programs and Begin Assisted Living Care

In addition to skilled nursing care, there are more than 20 states offering domiciliary care in over 50 SVHs, which provide alternative long term support to about 2,000 veterans every day who would not qualify for skilled nursing care, but who do need shelter and supportive services. The level of care in SVH domiciliary programs varies from state to state, with some providing only basic food and shelter, while others offer more enhanced levels of support that may include social, vocational and employment services. Although some states have chosen to offer levels of care that are higher than domiciliary care but less intensive than skilled nursing care; however, VA is not authorized to provide financial support for veterans in those programs.

New regulations promulgated in 2019 have made it even more difficult to admit veterans into domiciliary programs, particularly veterans who have dementia but do not qualify for nursing

home care. As a result, some State Veterans Homes have lost millions of dollars of federal support for these veterans, threatening the viability of domiciliary programs, and in some instances, they have been forced to pass these costs onto veterans themselves.

To address these problems, Senators King and Collins of Maine introduced S. 1612, the *Reimburse Veterans for Domiciliary Care Act*, which would mandate that VA propose and finalize regulations to reimburse SVHs for domiciliary care covered by VA prior to the 2019 regulatory changes. NASVH supports this legislation and calls on the Committee to approve it.

In addition, with millions of aging veterans who can no longer live independently but whose needs fall in between the two levels of VA-supported institutional care in State Veterans Homes, NASVH believes it is time for VA to begin offering assisted living care. Authorizing VA to support assisted living programs in State Veterans Homes could provide a critical new option for veterans who need greater support than offered by domiciliary care and would cost less than skilled nursing care.

NASVH is pleased to offer our strongest support for S. 495, the *Expanding Veterans' Options for Long Term Care Act*, legislation that would authorize the VA to create a three-year pilot program to provide assisted living care for veterans at six sites. In particular, we appreciate that the legislation requires two of the six pilot sites to be located at State Veterans Homes. On behalf of our member State Homes and the veterans we serve, I want to thank Senators Tester and Moran for introducing this legislation, along with other Senators who have supported it, and call for its swift consideration and approval by the Committee.

Incentivize Expansion of Adult Day Health Care Programs

In addition to skilled nursing and domiciliary care programs, SVHs are authorized to offer Adult Day Health Care (ADHC), which is a non-institutional alternative to a skilled nursing facility for aging veterans who have sufficient family support to remain in their own homes, but who need or will benefit from a day program that promotes wellness, health maintenance, and socialization. ADHC can help to maximize the participant's independence and enhance their quality of life, as well as provide much-needed respite for family caregivers.

Medical Supervision Model ADHC provides a higher level of care, including comprehensive medical, nursing, and personal care services combined with social activities for physically or cognitively impaired adults. This program is staffed by caring and compassionate teams of multi-disciplinary healthcare professionals who evaluate each participant and customize an individualized plan of care specific to their health and social needs. It can help veterans remain in their own homes for additional months or years, thereby improving their quality of life. It can also lower the cost and burden on VA by deferring or delaying their use of more expensive skilled nursing care and can help frail, elderly veterans avoid unnecessary emergency room admissions and hospitalizations. There are currently only three State Veterans Homes operating ADHC programs – New York, Minnesota, and Hawaii – although several other states are working on plans that could lead to additional programs in the future.

To encourage more SVHs to open ADHC programs, NASVH offers two recommendations. First, VA and Congress should allow the State Veterans Home Construction Grant program to support

the construction, modification, or expansion of SVH facilities to operate ADHC programs. Second, VA should authorize SVHs to establish satellite ADHC programs outside their facilities and campuses in more conveniently located areas where there are high concentrations of veterans who could use the services. Given the small size of these programs, the Construction Grant program could also fund grants for SVHs to reconfigure existing private medical or office space to meet the needs of ADHC programs.

Explore Additional Home-Based Care Solutions for State Veterans Homes

In addition to expanding ADHC programs, NASVH also recommends that Congress and VA explore other way for SVHs to develop new home-based programs, including ones similar to VA's Home Based Primary Care, Homemaker Home Health Aide Care, Respite Care, Palliative Care and Skilled Home Health Care. During the pandemic, some SVHs found innovative ways to support veterans in their homes, including providing meals, telehealth, and home care visits. Given the flexibility and financial benefits to VA from partnering with State Veterans Homes, there are myriad possibilities for better addressing the changing demographics, needs and preferences of veterans today and in the future. Furthermore, SVHs already offer a number of medical and therapeutic services that could be provided on an outpatient basis for veterans participating in home-based programs.

With our expertise on the needs of aging veterans, SVHs could develop an array of home-based services to support veterans who want to age in their own homes. When they are no longer able to remain at home, SVHs could ease their transitions to facility-based skilled nursing care. Such an integrated non-institutional program could begin as a pilot program, with different states customizing it to meet local circumstances. NASVH recommends that the Committee consider establishing pilot programs to explore new arrangements for providing integrated non-institutional care programs through and in partnership with State Veterans Homes, offering a full spectrum of support from home care to skilled nursing care.

Strengthening NASVH-VA Partnership

Finally, to maximize the effective use of State Veterans Homes' resources and capabilities. VA must finally commit itself to a full and meaningful partnership with states. Too often, SVHs are an afterthought in VA's planning and budgeting processes. This is best exemplified by the continuing lack of representation by State Veterans Homes on VA's Geriatrics and Gerontology Advisory Committee (GGAC), despite NASVH having nominated multiple highly-qualified State Home administrators and leaders in recent years.

Mr. Chairman, State Veterans Homes can and must play a greater role in meeting aging veterans needs in partnership with VA and other federal agencies. NASVH looks forward to continuing to work with this Committee and your colleagues in the Senate to ensure that aging and ill veterans have greater access to a full spectrum of long term care options, whether at home or in nursing homes. That concludes my statement, and I would be pleased to answer any questions that you or members of the Committee may have.
