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STATEMENT BY

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REGARDING

STATUS OF LONG TERM CARE PROGRAMS

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Mr. Chairman and members of the Committee, The Paralyzed Veterans of America (PVA) is pleased to present its views concerning access to, and the availability of, long-term care services for our nation's veterans. My testimony also contains analysis provided by the veterans' service organization, authors of The Independent Budget for FY 2006.

The focus of the testimony first looks at board, long-term issues affecting all veterans. Second, the testimony addresses the unique long-term care situation of veterans with spinal cord injury or dysfunction.

The FY 2006 VA budget has proposed to restructure Veterans Health Administration (VHA) institutional long-term care services. The most significant impact of the proposed change is to shift the burden of long-term maintenance care for certain veterans whose conditions do not make them candidates for rehabilitation, to other payers, and eventually to Medicaid, the single biggest U.S. payer for nursing home care. The veterans primarily affected by this proposed policy would be those without compensable service-connected disabilities and who have no rehabilitation potential. The VA has indicated an intention to increase other long-term care programs such as palliative, hospice, respite, home-based primary and adult day care. The two changes, shifting maintenance care elsewhere, and increasing other programs, would produce $209 million in net savings in FY 2006 and reduce VA's average daily census in VA nursing homes by about 4,000 patients.

According to VHA estimates the system -- in-house, contract, and state beds combined -- has 35,878 beds today. Based on actuarial projections and assuming continuation of current policy, VA will need 45,445 beds in 2013 and 43,042 beds in 2023 (95 percent occupancy rate). Under its proposed change in policy, VA's 2013 need will be 22,228 beds and 23,245 beds in 2023 (VA

Office of Strategic Initiatives, March 2005). Thus, VA' s proposed change in policy will save funds and reduce VA's need to maintain beds while the patients who would have occupied these beds are shifted to other VA programs and to another federal payer, primarily Medicaid.

This proposal comes during a time when the President has proposed to reduce the growth of Medicaid spending. The National Governors Association has reported that Medicaid programs nationwide are in financial crisis. Adding an additional burden to Medicaid at a time of crisis in that program is not well considered, especially given VA's expertise, quality and proven cost-effectiveness in providing care to enrolled veterans.

The veterans' service organization community is unclear on whether this proposed shift in policy is well considered by the Administration. Every report VA has issued on long-term care for the past two decades and more demonstrated that the oldest veterans among us, those from World War II and the Korean War, will present massive needs for long-term care near the end of life. VA leads the nation in the study of aging, the establishment of clinical approaches, research, education and new treatment models to deal with diseases of old age. VA has established 130 VA nursing home care units, and has aided the States in establishing and sustaining 128 state homes for the long-term care of elderly veterans. As we begin to reach that pinnacle moment when veterans from the Greatest Generation begin calling on the VA system to address their end-of-life needs, VA is proposing to shift the burden and move into a type of niche market where it provides care to only that subset physically amenable to rehabilitation.

The VA's Capital Asset Realignment for Enhanced Services (CARES) process was designed and executed to review out-year needs for VA capital investments based on the study of health care markets nationwide. Phases I and II of the CARES process are complete; yet, VA was not able to make any decisions with respect to its capital needs for long-term or mental health care programs because its projection models were seen as insufficient to the task of clearly demarcating or confidently predicting those requirements for the future. We seriously question whether a policy proposal with such profound effects as the one VA has made in its budget should go forward before VA has clearly reviewed its capital asset planning needs in the long-term care arena? We say no.

GAO has reviewed VA's long-term care programs on a number of occasions. On May 22, 2003, GAO testified before the House Veterans' Affairs Committee concerning its review of non-institutional long term care programs. GAO found a high variation in availability of six VA programs: respite, home-based primary care, geriatric evaluation, adult day care, homemaker/ home health aide services and skilled home health care. VA claims to have increased these and similar programs by 25 percent since this review was completed, and proposes to increase them by 18 percent more in FY 2006. Until it can be verified that these non-institutional programs are increased and functioning at a level of satisfaction to veterans who would need these services, it seems an unwise decision to close institutional care beds that presumably are needed by these patients who cannot now avail themselves of home-based and other alternatives. Also, given the personal circumstances and social conditions of many veterans who enroll in VA health care, there may be no permanent residence in which to introduce alternative care programs for some.

We are also concerned about the status of VA's partnership with state homes. This historic relationship provides a superb example of a Federal-state partnership in long-term care burden

sharing. The state home program has grown under both Republican and Democratic Administrations, and has carried strong bipartisan support by the Congress. VA's policy proposals would extend to the state homes as well, severely restricting the number of veterans placed in state homes and reducing payments to them by $293 million in FY 2006. We are unsure why VA would want to remove a placement resource that has worked well in the past for tens of thousands of veterans who need long-term residential placement but could not be accommodated in VA beds.

Despite an aging veteran population and Congressional passage of P.L. 106-117, the ?Veterans Millennium Health Care and Benefits Act? (Mill Bill) VA has continuously, failed to maintain its 1998 VA nursing home required average daily census (ADC) mandate of 13,391. VA's average daily census (ADC) for VA nursing homes has continued to decline since 1998 and is projected to decrease to a new low of 9,795 in FY 2006. VA is serving fewer and fewer veterans in its nursing home care program despite the minimum 1998 level set by Congress.

Now, VA is asking Congress to eliminate the mandatory ADC requirement contained in the ?Mill Bill?. This request by VA is not driven by current or future veteran nursing home care demand. In fact, the General Accounting Office (GAO) reported ?the numbers of aging veterans is increasing rapidly, and those who are 85 years old and older, who have increased need for nursing home care, are expected to increase from approximately 870,000 to 1.3 million over the next decade.?

PVA strongly feels that the repeal of the capacity mandate will adversely affect veterans and is a step toward allowing VA to reduce its current nursing home capacity. This is not the time for reducing VA nursing home capacity with increased veteran demand looming on the near horizon.

PVA is pleased to see an extension of eligibility for VA nursing home care that covers veterans with catastrophic disabilities contained in the Administration's 2006 VA budget proposal. In the past, VA has done a good job of recognizing the complex nursing home care needs of veterans with spinal cord dysfunction SCD) and has provided care as resources were available. Providing eligibility to VA nursing home care for catastrophically disabled veterans will greatly improve VA access to these services for veterans who desperately need them and who have great difficulty in being admitted to private sector community nursing homes.

Mr. Chairman, there are unique advantages of VA nursing home care as compared to private sector care. Because VA nursing homes are most often co-located with a VA medical center they offer prompt access to VA acute medical treatment for elderly veterans. When veterans living in VA nursing homes require acute medical treatment their care is easily facilitated and efficiently coordinated between VA providers. Also, VA nursing homes provide a higher quality of care that that provided in private sector facilities. Patient surveys indicate that VA care is superior to the care provided in community nursing homes. VA and Congress must do everything in their power to maintain VA nursing homes as a valuable federal asset.

For veterans with catastrophic disabilities, care in VA nursing homes is often their only hope. Community nursing homes simply don't want patients with high acuity requirements. Veterans with spinal cord injury are often denied care in these private sector facilities. VA must maintain and expand its capacity to provide nursing home care for catastrophically disabled veterans.

Mr. Chairman, thousands of veterans with spinal cord injury or a disease of the spinal cord (SCD) are at a serious disadvantage when it comes to the availability of specialized VA long-term (nursing home) care in their geographical area. Currently, VA operates only four designated spinal cord injury nursing home care facilities. These facilities are located at: Castle Point, New York; Brockton, Massachusetts; Hampton, Virginia; and the VA residential care facility at the Hines VAMC in Chicago, Illinois. As of March 2005, all of these facilities taken together only provide a total of 154 available beds and of those only 115.6 are actually staffed beds. As you can see the number of available nursing home care beds for these catastrophically disabled veterans is extremely low and none of these facilities are located west of the Mississippi River. Veterans with SCD who live west of the Mississippi River have no access to these specialized long-term care services unless they are willing to go on waiting lists, and leave their families and their home communities.

While VA's Capital Asset Realignment for Enhanced Services (CARES) initiative has proposed to increase VA's capacity for SCD long-term nursing home care by adding 100 additional beds at four locations (30 beds at Tampa, Florida; 20 beds at Cleveland, Ohio; 20 beds at Memphis, Tennessee; and 30 beds at Long Beach, California) much work remains to be done. And, as you can see, only one of these proposals will add new VA nursing home beds on the west coast. Additional specialized VA nursing home care capacity is severely needed especially in the western portion of the country.

A shortage in specialized SCD VA nursing home capacity is already a problem because of waiting lists for care and future demand for services. For example, the CARES long-term care projections (revised December 2004) for spinal cord injury indicate a VA gap in the number of VA available and designated beds versus the number of VA projected beds. VA's spinal cord injury long-term care data says, VA will require 705 long-term care beds in 2012 and 1,358 in 2022. While the 100 beds recommended and proposed in CARES is a step in the right direction these improvements are not yet a reality and funds are needed for their activation.

In conclusion, three long-term care proposals are merging together, simultaneously, that would contribute to a serious loss of capacity for veterans who need long-term care. First, VA's 2006 budget proposal would reduce the funding for VA nursing home care programs by approximately one half billion dollars. Second, VA's request to repeal the nursing home capacity mandate contained in the ?Mill Bill? opens the door for VA to further reduce its nursing home capacity. Third, the Administration's Budget contains a proposal that would place a moratorium on grants for new construction and reduce the per-diem rate VA pays to State Veteran's Homes.

These three effects come at a time when America's aging veteran population will significantly increase over the next decade. Taken together these three issues create the conditions necessary for ?VA's Long-Term Care Perfect Storm.? This Perfect Storm will have negative consequences for aging veterans by reducing VA' s nursing home capacity and damaging State Veterans' Homes, at a time of increasing demand, well into the 21st century.

Mr. Chairman, and members of the Committee, PVA calls upon you to chart a course for VA's long-term care programs that avoids this pending storm. We request that VA's budget proposal to cut its institutional long-term care programs be denied. We ask Congress to maintain the ADC

capacity mandate in the ?Mill Bill?. And finally, we request that the State Veterans Homes be spared cuts in construction and per-diem funding.

Thank you for this opportunity to present our views and concerns.