

Robert Shaw, Legislative Director, National Association of State Veterans Homes

TESTIMONY OF

ROBERT SHAW

NATIONAL LEGISLATIVE CHAIRMAN
NATIONAL ASSOCIATION OF STATE VETERANS HOMES

AND

ADMINISTRATOR, STATE VETERANS CENTER
RIFLE, COLORADO

HAWAII, ALASKA'S PIONEER HOMES, AND THE
DEPARTMENT OF VETERANS AFFAIRS:
AN OPPORTUNITY FOR INNOVATION TO MEET
HAWAII VETERANS' LONG-TERM CARE NEEDS

COMMITTEE ON VETERANS' AFFAIRS
UNITED STATES SENATE

JANUARY 9, 2006

Chairman Craig, Senator Akaka and other Distinguished Members ?

Thank you for the opportunity given to me to present the views of the National Association of State Veterans Homes before this hearing of the Committee on Veterans' Affairs. It is an honor to join you today on this beautiful island of Kauai to explore ideas and seek methods to better serve Hawaii's aging veterans with long-term care services they need and have earned through their service.

I am presenting testimony today on behalf of the National Association of State Veterans Homes (NASVH), an all-volunteer, non-profit organization founded over a half century ago to promote the common interests of state veterans homes and the deserving elderly veterans and their families that we serve. The membership of NASVH consists of the administrators and senior staffs of State-operated veterans homes throughout the United States. Our current membership includes 119 homes in 47 States and the Commonwealth of Puerto Rico. We provide nursing home care in 114 homes, domiciliary care in 52 of those locations, and hospital-type care in five of our homes. Our state homes presently provide over 27,500 resident beds for veterans, of which more than 21,000 are nursing home beds. I am here today as both the National Legislative Chairman of NASVH, an elected position I have held since the year 2000, and also as the

Administrator of the State Veterans Center in Rifle, Colorado, where we provide skilled nursing care to 100 veterans and family members each day.

The state home program dates back to the post-Civil War era when several states established homes in which to provide domicile, shelter and care to homeless, sick and maimed Union soldiers and sailors. In 1888 Congress first authorized federal grants-in-aid to States that maintained these homes, including a per diem allowance for each veteran of twenty-seven cents (\$100 per year per veteran). Over the years since that time, the state home program has been expanded and refined to reflect the improvements in standards of medical practice, including the advent of nursing home, domiciliary, adult day health, and other specialized geriatric care for veterans. For example, the facility that I manage in Colorado now includes a Special Care Unit for Alzheimer's and dementia patients, a growing need in this population. There are also now two state homes providing adult day health care, and a number of others are developing programs in this new discipline and other emerging approaches to delivering care in less restrictive settings.

Today, the state home program is supported in two ways by the federal government: through per diem subsidy payments that help States cover daily costs, and construction grants to keep our homes up-to-date and safe for our patients and staffs. Subject to appropriations, VA provides construction matching-grant funding for up to 65% of the cost of constructing or rehabilitating homes, with at least 35% covered by State funding commitments. The per diem program provides reimbursement to state homes, currently \$63.40 for nursing home care, which is about 30% of the average cost to the States. Section 1741 of Title 38, United States Code, authorizes VA to provide a per diem rate of up to 50% of the states' average daily cost, but VA has not been able to bring the actual rate paid to our homes near this statutory cost ceiling.

Mr. Chairman, as you well know, the last budget debate for fiscal year 2006 was a crucial one for the state home program. We want to thank this Committee, and especially you, Mr. Chairman and Senator Akaka, for the vital role you both played in defending the state home program during the budget and appropriations cycle just concluded for fiscal year 2006. Thanks to your leadership, as well as tremendous support and leadership from Senators Hutchison, Feinstein and others, the Administration's proposals to dramatically restrict per diem payments to only a small portion of the veterans currently in our homes, and to impose a moratorium on further construction funding, were soundly rejected. We are grateful that Congress spoke clearly and forcefully on these matters in the Joint Explanatory Statement accompanying the Act:

?The conferees do not agree with the proposal contained in the budget to alter the long-term care policies, including a policy of priority care in nursing homes. The conferees have provided with this total appropriation, sufficient resources to maintain a policy of providing long-term care to all veterans, utilizing VA-owned facilities, community nursing homes, State nursing homes, and other non-institutional venues. The conferees expect there to be no change from the policies in existence prior to fiscal year 2005.?

We look forward to working closely with you in this New Year should we again face budgetary and legislative challenges during the Second Session of the 109th Congress.

Today, however, we are focusing on how best to provide long term care services to Hawaii's veterans who need and deserve this care. As I stated previously, 47 states already have at least one state veterans home in operation, leaving just three states - Hawaii, Alaska and Delaware - which do not. Of course, as you well know, there is a new 95-bed state veterans' home under construction in Hilo on the Big Island scheduled to open later this year that will substantially meet the needs of veterans residing on that island. In addition, long-term care and transitional rehabilitative services are being provided now on Oahu by a VA-operated, 60-bed Center for Aging, located at Tripler Army Medical Center. The VA Center for Aging will partially meet Honolulu-area veterans' long term care needs, but additional resources will probably be needed on that island as the elderly Oahu veteran population continues to grow.

There remain, however, significant gaps in long term care services to Hawaii's veterans due to the nature and geography of this great State. In particular, the Neighbor Islands, with their smaller overall veteran populations and physical separation, face a much more difficult challenge in trying to meet the needs of their frail, elderly veterans. For those living on Kauai, Molokai, Maui and other Neighbor Islands, the facilities at Hilo and Oahu simply are not realistic options. The question before this panel today is how best to meet these needs given the challenges we have identified and the inevitable budgetary constraints faced by VA and Congress.

Under current law, as set forth in Public Law 106-117, the Veterans Millennium Health Care and Benefits Act, Congress established specific criteria for authorizing construction of new state homes. It is possible under VA criteria that Hawaii, in addition to building the new home at Hilo, could justify building another state home with about 120 beds based upon its state-wide veteran population. However, given the unique island geography of Hawaii, with vast seas separating islands, as well as their rich cultural traditions, it would not be practical to expect veterans from close-knit families and communities on one island to leave their families and travel great distances to another island for long-term care. While the construction of a second state veterans' home somewhere in Hawaii might solve one island's problem for aging veterans, it would not adequately address their lack of long-term care services on other islands.

For better or for worse, Mr. Chairman, Hawaii is not alone in trying to address the challenge of meeting the needs of geographically dispersed populations. Other large rural states, including, Alaska, Wyoming, Montana and Idaho, among others, face similar problems in trying to provide high quality and convenient long term care for veterans who live at great distances from larger population centers and major VA facilities. As Congress and VA seek to address this problem, it could prove beneficial for this Committee to look at how Alaska, our largest state, has managed this challenge.

Over the years, Alaska's state government, Congress and Alaska's veterans' organizations have considered numerous proposals for that State to seek VA matching grants for the construction of state homes for veterans, but no concrete proposal was ever approved by the Governor or the state legislature. This is not to suggest that Alaska has no facilities serving older veterans in need of long-term care.

Beginning in 1913 in the city of Sitka, the State of Alaska began operating what are called Pioneer Homes. Today, Alaska operates six of these homes providing more than 500 total long

term care beds in Sitka, Anchorage, Fairbanks, Juneau, Ketchikan and Palmer. These homes provide nursing and residential care to "Alaska Pioneers" - any Alaska citizen over age 65, in declining health, and in need of significant care for activities of daily living. These homes are supported by State funds, insurance reimbursements and private payments, very similar to the mixed financing arrangements of state veterans' homes. Although these homes are not solely reserved for veterans, about one-quarter of the residents are veterans of military service.

In the past decade, Alaska's "Pioneer Homes" also have become licensed assisted living facilities, offering a comprehensive range of services to meet the needs of the elderly residents. Professional services cover the full range of needed care, including assistance with activities of daily living, skilled nursing, and compassionate end-of-life services. Many Pioneer residents receive a level of service that would otherwise be delivered in a hospital, a traditional nursing home, a hospice, or in a home-based elder program under a Medicaid waiver arrangement Alaska reached with the Center for Medicare and Medicaid Services (CMS).

In May 2004, Congress passed legislation to define the Alaska "Pioneer Homes" as a single state veterans home for purposes of establishing eligibility for participation in VA's state home programs. Based upon this legislation, Alaska submitted a request for, and was approved for, the construction of a 79-bed veterans' domiciliary as a new wing to the existing Pioneer Home in Palmer, Alaska. Construction of this new wing began this past summer and is expected to be completed late this year.

Similar to Alaska, Hawaii's dispersed veteran population on the smaller islands generally cannot justify construction of veterans' homes on each island. However, using the Alaska Pioneer Home concept as a foundation, it may be feasible to advance legislation deeming a similar status to the Hawaii Health Systems Corporation (HHSC) - as one "state veterans' home" for purposes of HHSC's participation in the VA state veterans' home programs. The HHSC, a public benefit corporation, is an extensive hospital system of 12 facilities on five islands, and is the largest health provider in the Neighbor Islands. Under this scenario, smaller bed units - perhaps ten to thirty beds each, depending on local circumstances - could be justified under existing VA criteria in a manner similar to the Alaska model. Such projects could be developed as separate facilities within these existing state-owned and operated hospitals to accommodate the needs of elder and disabled Hawaii veterans in rural and remote locations.

Mr. Chairman, like you, NASVH is committed to meeting the long-term care needs of veterans, whether they live in major metropolitan areas or in geographically dispersed areas such as these Neighbor Islands of Hawaii. Although Hawaii may not be able to cost-effectively justify the establishment of large, stand-alone state veterans' nursing homes on each of the Neighbor Islands, other creative solutions such as the Pioneer Homes model may be worth pursuing. NASVH stands ready to work with you, this Committee, Congress and VA to meet the diverse needs of veterans living throughout Hawaii, as well as other veterans living in large states such as Alaska, Wyoming, Montana, and Idaho.

Mr. Chairman, Senator Akaka, and other Members the Committee, once again I want to thank you for allowing me to testify here today on behalf of the National Association of State Veterans Homes. We look forward to working with you and the Congress to strengthen, rather than

weaken, this foundation of veterans' long-term care. The care provided by our member homes is an indispensable, cost-effective, and successful element in VA's provision of comprehensive health care. We are grateful for your past support and hope that should we see a repetition of the misguided budget proposals submitted by the Administration last year, that we can again count on your support. Millions of veterans are going to need long-term care in the years ahead. We want to be sure that the state home program is there to support them.

Mr. Chairman, this concludes my testimony. I would be pleased to answer any questions you may have on this or other topics in which I might be helpful to the Committee.