

# Oklahoma Department of Veterans Affairs

**Budget and Performance Hearing**

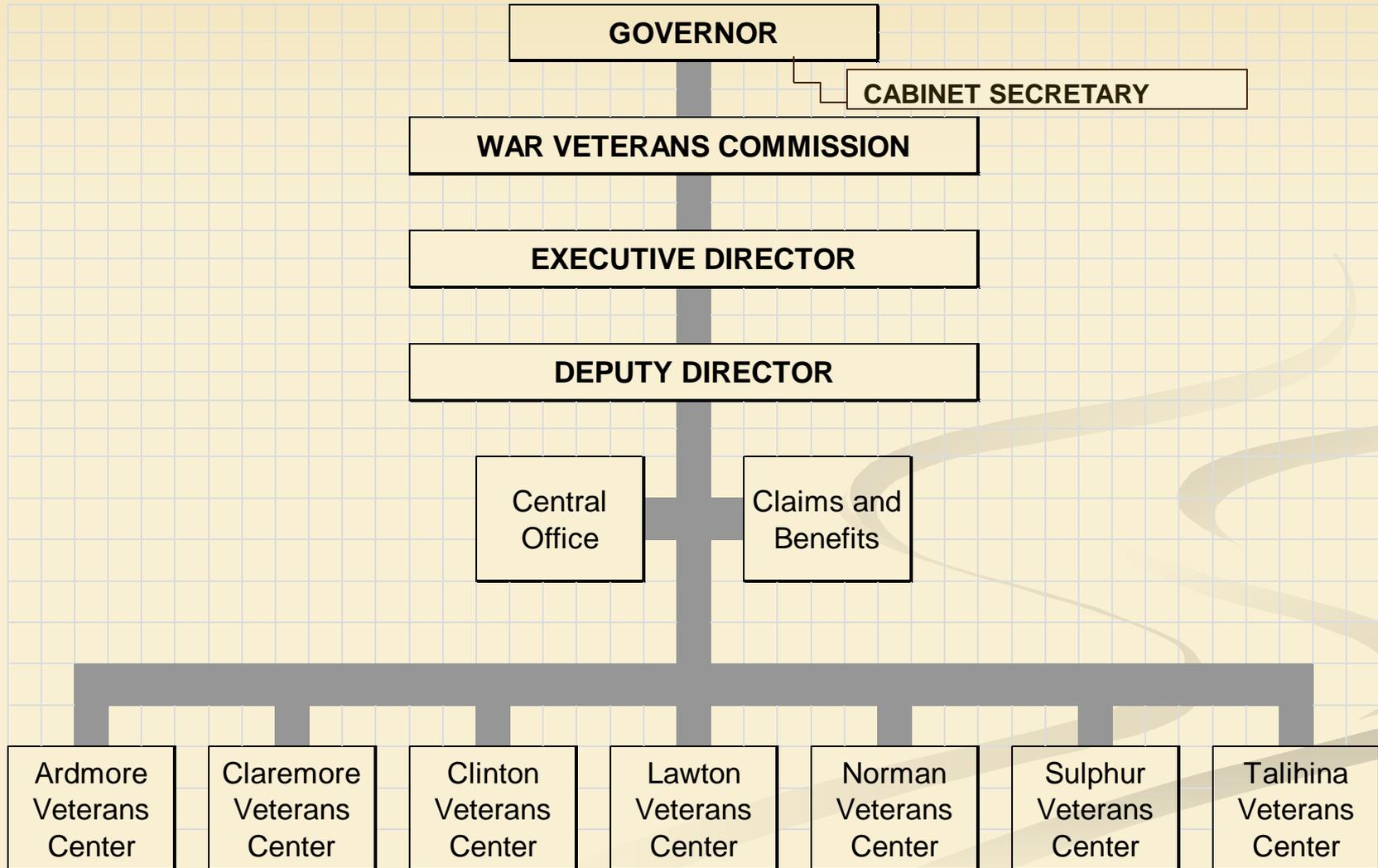
**January , 2014**

# Agency Mission

**The Mission of the Oklahoma Department of Veterans Affairs is to ensure all Oklahoma veterans and their families receive all benefits to which they are entitled and to provide excellent health services and long-term skilled care in a residential environment to all qualified veterans residing in the state.**

# Agency Infrastructure

# Department of Veterans Affairs Organizational Chart



# Division and Program Description

## **Nursing Care**

The agency provides a home for Military War Veterans who can no longer be cared for in their own homes. The clients are provided with long-term skilled nursing care, domiciliary care and outpatient clinic services.

## **Central Administration**

The Central Administrative program for the Oklahoma Department of Veterans Affairs provides administration, direction, and planning assistance to the seven long term care facilities and five Claims and Benefits division offices and field staff operated by the Department. It sets standards, policies and procedures, and goals for programs and monitors programs to ensure the required standards are met. The Administrative program consists of the following programs/functions: Administrative Services, Affirmative Action, Human Resources, and Fiscal Services. This program also provides administrative support for the office of the Executive Director as well as the War Veterans Commission.

## **Claims and Benefits**

This program provides assistance to veterans relative to obtaining benefits from state and federal agencies. Benefits include compensation, pension, medical benefits and education. This program also provides intermediary financial assistance to eligible veterans that are temporarily unable to obtain basic necessities and other benefits.

# Authorized FTE

Location	Authorized FTE
Central Office	28
Claims and Benefits	33
State Accreditation Agency	4
Claremore Veterans Center	400
Ardmore Veterans Center	264
Norman Veterans Center	400
Lawton Veterans Center	301
Clinton Veterans Center	223
Talihina Veterans Center	264
Sulphur Veterans Center	200
Total FTE	2,117

# Agency Funding & Budget

# Funding Allocation

## FY 14 Total Budget \$141,942,079

Claremore Veterans Center	24,678,236	17.4%
Ardmore Veterans Center	16,983,738	12.0%
Clinton Veterans Center	15,460,187	10.9%
Norman Veterans Center	24,975,625	17.6%
Sulphur Veterans Center	13,500,477	9.5%
Talihina Veterans Center	17,269,675	12.2%
Lawton Veterans Center	19,422,741	13.7%
Capital Lease	820,991	0.6%
Central Office	3,318,514	2.3%
Information Technology	2,385,548	1.7%
Claims and Benefits	2,650,151	1.9%
State Accrediting Agency	476,196	0.3%

# General Revenue FY 09-14

	General Revenue	(Reduction)/Addition	% Cut
FY-2009	40,282,600		
FY-2010	37,261,401	(3,021,199)	(7.50%)
FY-2011	35,957,256	(1,304,145)	(3.50%)
FY-2012	34,698,752	(1,258,504)	(3.50%)
FY-2013	35,698,752	1,000,000	2.88%
FY-2014	35,698,752		

# Funding Sources

<b>Fund</b>	<b>FY 09</b>	<b>FY 10</b>	<b>FY 11</b>	<b>FY 12</b>	<b>FY 13</b>	<b>FY 14</b>
Appropriation	34%	31%	30%	28%	27%	25%
Revolving	32%	26%	24%	24%	21%	20%
Federal	34%	43%	46%	48%	52%	55%

Appropriation- State General Revenue

Revolving Funds- Monthly maintenance charges paid by the resident

Federal funds- per diem rate per patient and State Accrediting Agency

# FY 15- Appropriation Reduction

- 3% appropriation reduction would translate to \$1,070,963 reduction to our agency. Any appropriation reduction will have an adverse impact on the cost of care which which has direct impact on federal revenue generated by the agency.
- 5% appropriation reduction would translate to \$1,784,938 reduction to our agency. As stated above, this loss of federal funds would result in the reduction of number of operating beds available, which would then result in the loss of patient revenue.
- 10 % appropriation reduction would translate to \$3,569,875 reduction to our agency. We have to consider the following options should our appropriations be cut by an additional 10% :
  - Furlough- Approximately, one day per month
  - Implement a substantial increase in charges to residents.

# Federal Government Impact

# Federal Government Impact

1.) How much federal money received by the agency is tied to a mandate by the Federal Government?

State Veterans Home (SVH) Per Diem program standards and operational procedures are found in Title 38 of the US Code of Federal Regulations.

VA per diem for nursing home care and domiciliary care is paid for any Veteran who is eligible for such care in a VA facility (38 U.S.C. 1741).

VA is also required to make higher nursing home per diem payments for certain Veterans with service-connected disabilities.(38 CFR 51.41

Hence, 100% of the federal revenue received by the agency is mandated by the federal government for the operation of all seven veterans centers.

2.) Are any of those funds inadequate to pay for the federal mandate?

Yes. The federal revenue covers only 52% of the cost of care provided to veterans at the centers. The rest of the cost is borne by state appropriations of (26%) and the patient maintenance collections of (22%).

# Federal Government Impact- contd.

3.) What would the consequences be of ending all of the federal funded programs for your agency?

## **Nursing Care Program:**

As mentioned above, the mission of the Oklahoma Department of Veterans Affairs is to ensure all Oklahoma veterans and their families receive all benefits to which they may be entitled and to provide excellent health services and long-term skilled care in a residential environment to all qualified veterans residing in the state.

Legislative action many years ago established a system of payment for services that enables all honorably discharged wartime veterans to receive quality care through the Oklahoma Department of Veterans Affairs Veterans Centers regardless of their ability to pay. Through various agreements with the USDVA and federal law, pension, compensation and Aid and Attendance payments are made to veterans by the federal government that enables them to participate in the cost of their care without pauperizing their spouse who is left at home, thus allowing them to put money back into the economy of their local communities and live without the need for Medicaid assistance. Hence, ending all of the federal funded program would result in closing all the veterans centers.

## **State Accrediting Agency:**

The purpose of the State Accrediting Agency (SAA) is the approval activity of education and training establishments for veterans training in the State of Oklahoma and approving Veterans for on - the - job training and apprenticeship programs. They currently administer the seven federal GI bills. They are 100% federally funded.

# Federal Government Impact- contd.

4.) How will your agency be affected by federal budget cuts in the coming fiscal year?

In addition to the above response:

Funding for ODVA construction projects, in general, is shared between the state and federal government.

The USDVA pays 65% of the cost of construction or renovation once the project is put on the federally approved construction priority list.

Projects currently on the approved list for the State of Oklahoma are life safety issues.

5.) Has the agency requested any additional federal earmarks or increases?

No. The agency has not requested any additional earmarks or increases.

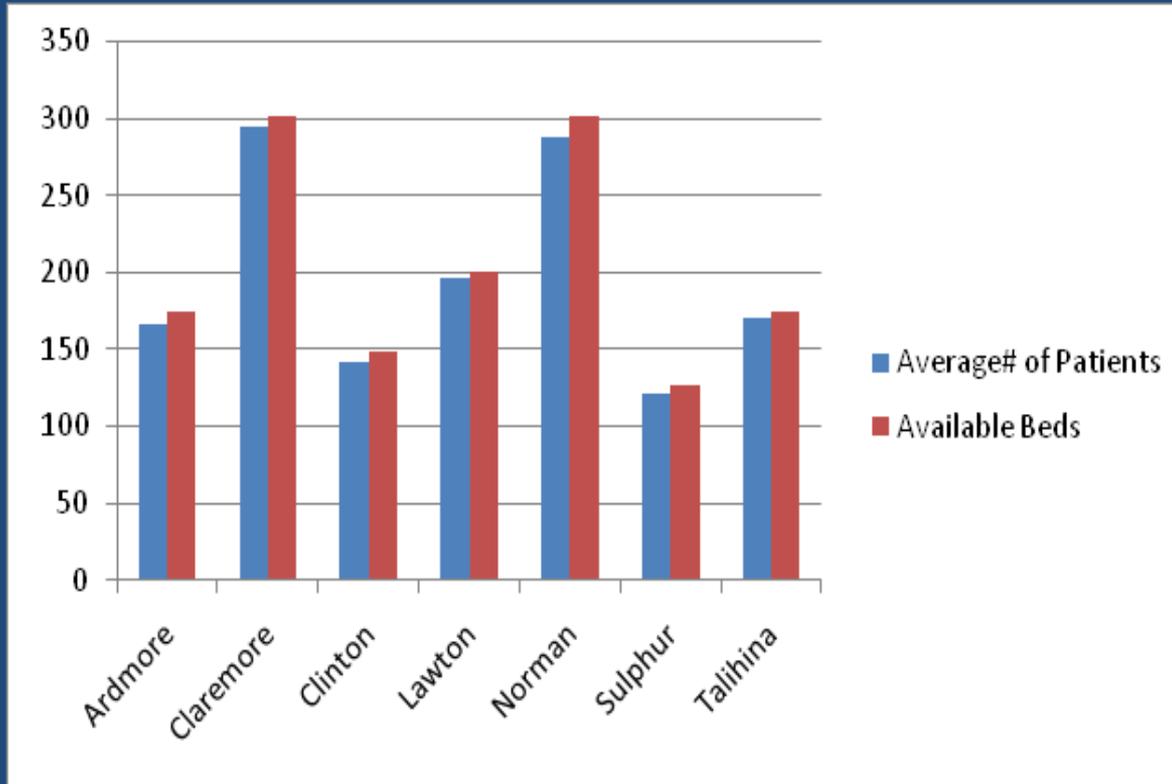
However, the annual federal basic per diem rate will reflect cost of living adjustment rate increase.

## Basic and Service-Connected Per Diem Rates Effective October 1, 2013

CITY	Urban/Rural	FY 13 PER DIEM	FY 14 PER DIEM	Inc./((Dec.))
Basic Per Diem		\$97.07	\$100.37	\$3.30
CLAREMORE	Urban	\$339.99	\$343.86	\$3.87
ARDMORE	Rural	\$328.84	\$330.16	\$1.32
NORMAN	Urban	\$357.66	\$363.80	\$6.14
LAWTON	Urban	\$345.56	\$337.02	(\$8.54)
CLINTON	Rural	\$328.84	\$330.16	\$1.32
TALIHINA	Rural	\$328.90	\$330.16	\$1.26
SULPHUR	Rural	\$328.84	\$330.16	\$1.32

# Performance Measures

# FY 13 Utilization Rate



Location	Total Beds	Average Enrolled	Average Occupancy
Ardmore	175	168.2	96%
Claremore	302	293.5	97%
Clinton	148	144.8	98%
Lawton	200	198	99%
Norman	301	286.3	95%
Sulphur	122	120.2	99%
Talihina	175	171.3	98%
Total	1,423	1,382.30	97%

# FY 14 First Quarter/ Average cost of Care

Claremore	\$237.12
Ardmore	\$283.25
Norman	\$241.45
Lawton	\$296.30
Clinton	\$294.43
Talihina	\$274.37
Sulphur	\$350.05
Average	\$282.42

# **FY 15 Budget Request**

# FY 15 Budget Request

Description of Funding Changes	General Revenue	Federal Funds	SAA	Total	FTE
Financial Aid	500,000			500,000	
Capital Projects	1,873,285	3,478,958		5,352,243	
Longevity Increase	62,789	135,405	450	198,644	
Insurance Increase	230,961	487,882	1,395	720,238	
<b>Total Changes</b>	<b>2,667,035</b>	4,102,245	1,845	6,771,125	
FY-2014 Appropriation	35,698,752				
<b>Requested FY-2015 Budget</b>	<b>38,365,787</b>				<b>2,117</b>

# Financial Aid/Capital Projects

## Financial Aid

To replenish agency Revolving fund for the financial assistance provided to veterans affected by May 19-20 tornado. **\$500,000**

## Capital Projects

Projects	Federal Share	State Match	Total Cost
Clinton, Claremore and Talihina Generators	1,589,616	855,947	2,445,563
Lawton - Ambulance Entrance	427,927	230,422	658,349
Clinton Boilers	988,553	532,298	1,520,851
Clinton, Norman Nurse-Call System and Agency sidewalks	472,862	254,618	727,480
	<b>3,478,958</b>	<b>1,873,285</b>	<b>5,352,243</b>

Funding for ODVA construction projects, in general, is shared between the state and federal government. In large projects (new centers, major renovations, etc.), the state portion of 35% is provided through one-time state appropriated funds or bond revenue and debt service payments are built into the agency's appropriated budget. The USDVA (federal) pays 65% of the cost of construction or renovation once the project is put on the federally approved construction priority list. Projects currently on the approved list for the State of Oklahoma are life safety issues. ODVA has submitted these capital projects to USDVA to be in the priority list and hence the request for the state match.

# Longevity/Insurance

## **Longevity Pay Increase**

**\$ 62,789**

Our long-term retention rate is high. The result of that is increased longevity cost. This is a state legislatively mandated cost. We have requested \$62,789 for FY 15 to cover 100% of employees in Central Office and Claims and Benefits and 30% of employees in the veterans centers. Increasing longevity costs reflects the state's commitment to reward continuing service to the state employees. In the health care field, having well trained, tenured and experienced employees pays off in increased resident satisfaction, fewer accidents, and lower recruitment costs.

This is a reoccurring expense.

## **Insurance Benefits Increase**

**\$230,961**

Funding for benefits increase is estimated at 6%.

Our request is for an appropriation increase of the FY 2015 benefits increase at a cost of \$230,961 to cover 100% of employees in Central Office and Claims and Benefits and 30% of employees in the veterans centers. This expense will not increase after FY2015, unless another benefits increase is approved by the Oklahoma Legislature.