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UNITED STATES GENERAL ACCOUNTING OFFICE
WASHINGTON, D.C. 20548

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MANPOWER AND WELFARE
DIVISION

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SEP 14 1972

Dear Mr. Johnson:

The General Accounting Office has reviewed the Veterans Administration (VA) program for providing nursing home care to war veterans in State-operated nursing homes. Our review was performed at selected State nursing homes, State agencies, and VA facilities in Georgia, Nebraska, Missouri, New Jersey, and Wisconsin. We previously reviewed the operation of nursing care units in VA hospitals and the placement of veterans in community nursing homes.¹

Public Law 88-450, approved August 19, 1964 (38 U.S.C. 620, 5001, and 5033), authorized VA's nursing home care program. The program's objective is to provide VA with the facilities to care for war veterans who are not in need of hospital care but require skilled nursing care and related medical services. The effective operation of this program would reduce the cost of providing care to such veterans, since nursing home care is less costly than care provided in VA hospitals.

Our review showed that the program was meeting its objective and was providing war veterans with nursing home care at a lower cost to the Government than would generally be incurred in other nursing homes or in VA hospitals.

During our review we noted certain matters which we wish to bring to your attention. These relate to (1) staffing in the State-operated nursing homes, (2) procedures used in processing applications for construction grants, (3) use of the nursing homes, and (4) compliance with VA instructions pertaining to per diem payments and equipment approval.

¹"Need for Improvements in the Administration of the Veterans Administration Nursing Home Care Program" (B-167656, Sept. 29, 1969).

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BACKGROUND

Public Law 88-450 defines nursing home care as follows.

**** the accommodation of convalescents or other persons who are not acutely ill and not in need of hospital care, but who require skilled nursing care and related medical services, if such nursing care and medical services are prescribed by, or are performed under the general direction of, persons duly licensed to provide such care."

VA regulations specify that nursing home care will consist of skilled nursing care, supportive personal care, and individual adjustment services. Skilled nursing care includes nursing services which require training, judgment, and technical knowledge. Supportive personal care covers personal services, such as help in walking, bathing, dressing, and feeding and supervision of medication. Individual adjustment services pertain to the social, recreational, and constructive activities especially geared to the limitations of the patient.

The program provides financial assistance to States under a 10-year, grant-in-aid construction program to increase the number of State-operated nursing homes. The Congress has authorized annual appropriations of \$5 million for the program through fiscal year 1974, and about \$28 million has been appropriated through fiscal year 1972.

The authorizing act provides that:

- The amount of the VA grant for a State nursing home project shall not exceed 50 percent of the total estimated cost of construction.
- The facility will be used principally to furnish nursing home care to war veterans and that not more than 10 percent of the bed occupancy at any one time will consist of patients who are not receiving nursing home care as war veterans.

- If, within 20 years after completion of a grant project, the facility ceases to be operated by the State principally for furnishing nursing home care for war veterans, the United States shall be entitled to recover 50 percent of the then value of such facilities from the State or from the owner of such facilities.
- The State shall have control over the administration, personnel, maintenance, and operation of the nursing home.

The Administrator of Veterans Affairs is responsible for (1) prescribing the number of beds required to provide adequate nursing home care to war veterans, up to a maximum of 1-1/2 beds per thousand veterans in each State, and (2) reimbursing each State at the per diem rate of \$5 for each qualified war veteran receiving nursing home care in a State home, provided that such payment does not exceed 50 percent of the cost for providing such care.

As of December 31, 1971, 17 State nursing home projects--having 1,682 beds in operation--had been constructed under the program. The cost of these projects was \$25.5 million, of which VA's share was approximately \$11.7 million. Seven additional projects, having 1,209 beds, were in various stages of construction at that time. The total cost of these projects was estimated at \$19.4 million; VA's share of the cost will be about \$8.9 million.

Since the beginning of the program, the average daily patient census in State nursing homes has increased steadily from 156 patients in fiscal year 1965 to 2,898 patients in fiscal year 1971. In fiscal year 1971, State homes provided 1,057,759 days of nursing home care at a cost of about \$16.7 million, of which VA reimbursed the States about \$5.3 million. VA records for the period from July 1 to December 31, 1971, show that of the three segments of the nursing home care program--hospital units, community nursing homes, and State-operated homes--the lowest per diem cost incurred by VA was for care given in State homes.

Type of facility rendering <u>nursing home care</u>	Average per <u>diem cost</u>
State homes	\$ 4.93
Community nursing homes	16.03
VA hospital units	28.35

STAFFING FOR STATE NURSING HOMES

VA has established patient-staffing guidelines for its hospital nursing home care units which provide for 37 full-time equivalent nursing service personnel for every 100 nursing home care beds. VA has not established similar guidelines for State-operated homes because section 5037 of Public Law 88-450 did not provide VA with the necessary authority in this area. Instead, the respective States were given control over the administration, personnel, maintenance, and operation of the State-operated homes.

In its application for construction funds, a State must agree that the nursing home will comply with minimum standards prescribed by the State for such facilities. Three States included in our review had staffing guidelines for nursing care in State homes; two States had no guidelines. Where guidelines did exist, they differed and two of the three States had guidelines which were lower than those VA had established for nursing care in its hospital units.

	<u>Personnel to bed ratio</u>
VA	37:100
Georgia	35:100
Wisconsin	31:100
New Jersey	44:100

Although the New Jersey guidelines provided for a larger total staff, we found that the number of registered and licensed practical nurses was lower than that prescribed under the VA guidelines.

<u>Category of staff</u>	<u>Number</u>	
	<u>VA</u>	<u>New Jersey</u>
Registered nurses	10	6
Licensed practical nurses	6	2
Nursing assistants	<u>21</u>	<u>36</u>
Total	<u>37</u>	<u>44</u>

VA does not actively attempt to persuade the States to establish guidelines where none exist or to upgrade those which are below VA's.

The absence of overall guidelines pertaining to the minimum number of staff to be provided in State nursing homes has created a situation where the level of staffing has varied considerably in such homes. In some instances the State guidelines provide for a staffing level lower than what VA considers necessary to provide quality nursing care. We recognize that Public Law 88-450 gave the States control over the administration, personnel, maintenance, and operation of State nursing home facilities. However, because war veterans are the principal patients to be served by these facilities, we believe that VA should determine the actual staffing level provided by the State nursing homes and, when necessary, should actively encourage the States to upgrade the staffing level to the appropriate minimum.

PROCESSING GRANT APPLICATIONS

VA's Office of Construction, Office of the Controller, and Department of Medicine and Surgery are responsible for reviewing, approving, and funding State nursing home care construction projects. As appropriated funds become available each year, VA makes commitments to States in the order in which applications are received.

VA procedures for processing grant applications require that all applications and supporting data be reviewed for compliance with existing VA criteria. The supporting data includes construction drawings and specifications, a narrative

summary of the need for the facility together with the method of determining such need, a description of the types of services to be provided, and the number and types of personnel to be employed. Also, the procedures provide that justification of the need for the project be based on available local studies or other data.

Although the States generally submitted a narrative summary of their need for the project, they did not submit local studies demonstrating the need for such projects. A VA central office official advised us that VA did not investigate the need or justification for a project. As long as the total number of nursing care beds in existence after construction would not exceed 1-1/2 beds per 1,000 veterans in the State, the project was considered justifiable.

The State nursing home program is at a stage where the demand for facilities exceeds their availability; as a consequence, underutilization of facilities has not been a problem to date. We believe that the 1-1/2 beds per 1,000 veterans criteria is intended as a maximum and that only those projects which have been justified on the basis of need should be undertaken.

Therefore, we suggest that each proposal for the construction of a nursing home under this program be supported by meaningful data regarding the need for the facility and that VA fully evaluate such data before approving a project.

USE OF STATE-OPERATED NURSING HOMES

Nebraska, Missouri, and Wisconsin have established a residency requirement and/or a restrictive definition on the periods of eligible military service which qualify a war veteran for nursing home care. A comparison of VA's and Nebraska's eligibility periods follows.

<u>Period of service</u>	<u>VA qualifying period</u>	<u>Nebraska qualifying period</u>
Korean Conflict	June 27, 1950, to Jan. 31, 1955	June 25, 1950, to July 27, 1953
World War II	Dec. 7, 1941, to Dec. 31, 1946	Dec. 7, 1941, to Sept. 2, 1945

Although we did not find any such instances during our review, these requirements could result in war veterans' being denied care in a federally assisted nursing home even though they are eligible under VA regulations.

Public Law 88-450 requires that not more than 10 percent of the bed occupancy at any one time can consist of patients who are not receiving nursing home care as war veterans. The nursing homes reviewed in Wisconsin and Nebraska were not complying with this requirement.

At June 30, 1971, one nursing home in Wisconsin had about 34 percent of its beds occupied by patients receiving domiciliary rather than nursing home care. Domiciliary care is generally provided to aging veterans who need care but do not require hospitalization or skilled nursing services.

A Nebraska nursing home initially accepted patients on April 1, 1969. Occupancy by war veterans receiving nursing care during the period April 1969 through June 1971 ranged from 52 to 85 percent. The persons in the nursing home that were not war veterans receiving nursing care were wives and widows of veterans and war veterans receiving domiciliary care.

We believe that VA should determine whether the differing eligibility requirements among the States is precluding war veterans deemed eligible for care under VA requirements from receiving care in State-operated nursing homes. Because the authorizing legislation prescribed that a minimum of 90 percent of the bed occupancy of such homes be used for war veterans receiving nursing home care, VA should determine whether these facilities are being used for the purposes intended.

Where eligible veterans are precluded from receiving care and facilities are not being used properly, VA should take appropriate remedial action.

COMPLIANCE WITH VA INSTRUCTIONS

At several locations, we found instances where existing VA instructions for approving per diem payments and equipment acquisitions were not being followed.

Public Law 88-450, as amended by Public Law 90-432, provides that the Administrator of Veterans Affairs determine whether veterans are eligible to receive nursing home care in a State home and, on the basis of that determination, reimburse each State at a per diem rate not to exceed \$5 for each eligible veteran.

VA instructions require that, for State homes to qualify for VA per diem payments, the VA field station having jurisdiction over the geographical area in which the veteran has established permanent residence verify that patients in State homes are war veterans requiring nursing home care. The instructions further provide that a VA physician make the medical determination of the patient's need for such care on the basis of the information contained in his application.

VA stations included in our review in New Jersey and Missouri were not complying with the VA instruction that a VA physician determine the need for nursing home care before approving per diem payments. The VA official in Missouri informed us that he would take the necessary action to insure compliance with this requirement in the future. The VA official in New Jersey said that after becoming aware of this situation he had taken corrective action.

With respect to equipment acquisitions, the State is responsible for the selection and purchase of all equipment necessary for the State-operated nursing home project. Under VA instructions, the State, as soon as possible after the award of the construction contract, must submit for VA's approval a listing of equipment not included in the construction contract.

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Nebraska officials had not submitted a listing for equipment costing about \$335,000 and New Jersey officials had not submitted a listing of equipment costing about \$115,000 until 17 months after the construction contracts were awarded.

We believe that VA should insure that instructions issued to assist in the administration and management of the program are followed at all appropriate levels.

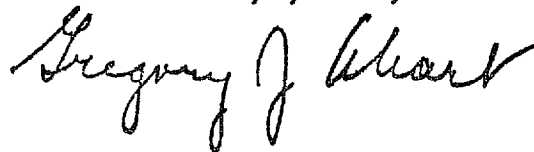
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The matters covered in this letter have been discussed with VA officials responsible for the State nursing home program; they agreed to examine them.

Copies of this report are being sent to the Director, Office of Management and Budget, and to the Senate and House Committees on Veterans' Affairs, Appropriations, and Government Operations.

We appreciate the cooperation and courtesy extended to us by VA, State agency, and State nursing home personnel during our review.

Sincerely yours,



Director, Manpower
and Welfare Division

The Honorable Donald E. Johnson
Administrator of Veterans Affairs