




IOWA VETERANS HOME

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Thomas J. Vilsack, Governor
Sally J. Pederson, Lt. Governor
State of Iowa
Jack J. Dack, Commandant

Date: November 30, 2001
To: Fiscal Committee of the Legislative Council
From:  Jack J. Dack, Commandant
Re: Annual report regarding FY 2001 budget

Per our appropriation language, I am submitting a report to you regarding our FY2001 appropriation to improve the public's understanding of the budget of the Iowa Veterans Home. Since 1887, the Iowa Veterans Home (formerly known as The Iowa Soldier's Home) has received an appropriation from the State of Iowa. This appropriation is used to provide care for our Iowa veterans and/or dependent spouses, as well as the overhead to operate the facility.

In 1888, the federal government started to pay each state \$100 annually for each domiciled veteran to help offset the state's cost to care for their veterans. Presently, the Department of Veterans Affairs pays a daily per diem rate based on the level of care provided. The Iowa Veterans Home bills the Department of Veterans Affairs for our 3 levels of care (infirmary, nursing and domiciliary) monthly for the veterans that were present or on pass during the month. This per diem rate is set annually by Congress. The funds collected are currently returned to the state's general fund on a monthly basis.

Monthly, the residents contribute financially to their cost of care based on their income and/or assets less a personal needs allowance. Each resident is allowed up to 15 furlough days per year whereby they are not billed. Some residents also earn money by participating in our incentive therapy program, which is sanctioned by the Department of Labor. The first \$65 per month for nursing level of care residents and \$125 per month for domiciliary residents are exempt from being included in their income/asset calculation. The funds collected are currently returned to the state's general fund.

The Iowa Veterans Home bills the Medicaid program monthly for each resident who resides on a Medicaid-certified unit and is medically eligible. Medicaid pays IVH 100% cost of care for days the resident is present and 75% for approved days out of the facility, less the resident's client participation and third party payments. The DHS income maintenance worker calculates the client's participation based on the resident's income and assets less a personal needs allowance. The per diem IVH receives from the Department of Veterans Affairs is considered a third party payment, which offsets the Medicaid payment as well. The funds collected are

currently split between IVH for the federal share and DHS for the state share. IVH's share is returned to the state's general fund. As of November 30, 2001, there were 267 residents on the Medicaid program.

The Iowa Veterans Home bills for Medicare Part B services and other insurance companies to help pay for reasonable and necessary physician services, outpatient hospital services, durable medical equipment, etc. The premium for Part B is usually deducted from the resident's social security check. If residents are not eligible for Medicare Part B, it is purchased by IVH. All the deductibles and co-pays are paid for by IVH or waived if IVH provided the services. If a resident does not have any insurance, IVH is responsible for all bills from outside providers such as ambulance, hospital, etc. The funds collected are currently returned to the state's general fund.

All of the revenue sources discussed above help to offset the cost to the State of Iowa. As you can see from the chart below, even though our fiscal year 2001 appropriation was over \$49 million, by returning revenues back to the general fund, the net cost to the state was \$17,527,935.

	<u>2001</u>	<u>%</u>
A. Operating Costs by Funding Source		
State Appropriation, net of funds remitted to general fund	\$ 17,527,935	35.5%
Resident's Support	\$ 12,712,891	25.8%
VA Per Diem & Reimbursements	\$ 11,535,716	23.4%
Medicaid	\$ 6,322,445	12.8%
Medicare Part B	\$ 616,159	1.3%
Miscellaneous revenues	\$ 584,894	1.2%
Total Operating Costs	\$ 49,300,040	100.0%
B. Member Days of Care		
Veteran Days	224,553	88.4%
Non-Veteran Days	29,474	11.6%
All Member Days	254,027	100.0%
C. Average state share for cost of care per day (all levels)		
	\$ 69.00	

The chart below provides a guideline for our billing of residents. There are numerous exceptions and conditions that could also apply.

	Hospital/ <u>Nursing</u>	<u>Domiciliary</u>
Per diem rate before adjustments	\$ 203.18	\$ 109.79
Minus Medicare Daily Rate (A)	\$ (1.64)	\$ (1.64)
Non-veteran <u>full support</u> daily rate	\$ 201.54	\$ 108.15
Minus Veterans Affairs daily reimbursement	\$ (51.38)	\$ (22.93)
Veteran <u>full support</u> daily rate (B)	\$ 150.16	\$ 85.22

(A) Only receive Medicare deduction if resident is having \$50/month deducted from their social security check. This deduction does not apply if resident is on Title XIX and the state is paying their Medicare premium or the resident is not eligible for Medicare.

(B) As of September 30, 2001, there were 60 veterans and 7 non-veterans paying full support. Other residents contribute to their cost of care based on their income or their assets. In fact, the semi-annual change in the per diem rates do not have any affect on residents whose billing is based on income. Only those residents billed on assets would have a potential for a change when the per diem rate changes.

At first glance, our per diem rate may seem high. However, this daily rate not only pays for room and board like private nursing home fees, but it also pays for all of the resident's prescriptions, lab work, transportation to and from the V.A. hospitals and clinics and other medical facilities, all physician services and related supplies including optometry, dermatology, dental, medical, podiatry, psychiatry and psychology. In addition, occupational therapy, social services, recreational therapy, physical therapy, hospice, and speech & hearing are available in-house at no charge to the resident. We have a library, woodworking area, arts and crafts/ceramics area, and all faiths religious services available in-house for the residents to participate in if they so desire. If residents need to have special equipment it is provided for them, as well as attends, oxygen, wound care, etc. The Iowa Veterans Home pays all deductibles and co-pays for ambulance, hospital, and clinic visits. For all intents and purposes, our per diem rate provides for 100% cost of care.

Here is a recap of our budget and actual expenses for FY2001.

	<u>Budgeted</u>	<u>Actual</u>	<u>% of Total</u>
REVENUES:			
State Appropriation	\$47,301,033	\$47,299,709	95.94%
Federal Reimbursements	\$ 1,561,010	\$ 1,424,902	2.89%
IntraState Reimbursements	\$ 514,072	\$ 492,278	1.00%
Sales, Rents, and Fees	\$ 74,060	\$ 83,151	0.17%
Total	\$49,450,175	\$49,300,040	100.00%
EXPENDITURES:			
Personal Services	\$37,681,070	\$37,606,772	76.28%
Professional & Outside Services	\$ 2,904,877	\$ 2,853,165	5.79%
Drug Costs	\$ 1,904,262	\$ 2,000,175	4.06%
Utilities & Energy Improvement	\$ 1,297,180	\$ 1,221,724	2.48%
Food	\$ 1,240,101	\$ 1,242,344	2.52%
Other Supplies	\$ 953,633	\$ 994,094	2.02%
Medical Supplies	\$ 861,700	\$ 824,390	1.67%
Workers Compensation	\$ 845,383	\$ 912,849	1.85%
Equipment (Inventory & Non-inventory)	\$ 835,476	\$ 712,479	1.45%
Equipment Maintenance & Repairs	\$ 448,568	\$ 448,871	0.91%
Travel & Vehicle Depreciation	\$ 151,185	\$ 178,393	0.36%
IntraState Reimbursements	\$ 146,147	\$ 93,414	0.19%
Equipment Rentals	\$ 83,400	\$ 94,802	0.19%
Communications	\$ 61,005	\$ 75,948	0.15%
Miscellaneous	\$ 36,188	\$ 40,620	0.08%
Total	\$49,450,175	\$49,300,040	100.00%