

Approved March 31, 1986
Date

MINUTES OF THE Senate COMMITTEE ON Governmental Organization

The meeting was called to order by Senator Vidricksen at
Chairperson

1:40 a.m./p.m. on March 25, 1986 in room 531N of the Capitol.

All members were present except:

Senator Bogina
Senator Gaines

Committee staff present:

Julian Efird - Research
Arden Ensley - Revisor

Conferees appearing before the committee:

Trudy Racine - Division of Post Audit
Chuck Yunker - American Legion
Barney Aldridge - Veterans of Foreign Wars
John Hill - Disabled American Veterans
Larry Wolgast - Human Resources

The Chairman called the meeting to order and introduced HB 2793 which concerns the Kansas Veterans' Commission and the Kansas Soldiers Home. He introduced Trudy Racine who addressed the Committee on the Performance Audit of the Kansas Soldiers Home. It was stated that actions are needed to help ensure that current resident needs are met and that the quality of care is consistent with state standards. They recommended that the Soldiers Home should secure advice and consultation from the Department of Social and Rehabilitation Service and work with the Departments of Health and Environment and SRS to determine the level of licensure for each level of care. It was also recommended that the legislature should consider the future options of the Soldiers Home and move the Home to the Department of Social and Rehabilitation Services. (Exhibit A)

Chuck Yunker addressed the Committee urging support for HB 2793 and asking that the Kansas Veterans Commission be restored as an independent state agency with supervisory control over the Kansas Soldiers Home. (Exhibit B) Barney Aldridge concurred with these thoughts (Exhibit C) as did John Hill who strongly opposed the placement of the Kansas Soldiers Home under the authority of the Department of Human Resources. (Exhibit D)

Larry Wolgast spoke briefly on behalf of the Department of Human Resources and answered questions from the Committee. No action was taken on HB 2793 at this time.

The meeting was then adjourned by the Chairman.

GUEST LIST

COMMITTEE: Senate Governmental Organization

DATE: Mar. 25, 1986

NAME	ADDRESS	COMPANY/ORGANIZATION
Edwin J. Brown	105 E 6th Topeka	VFW 6240
Lynn Hall	RR Russell, Ks	VFW 6240
John Mc Dermid	RR2 Meriden Ks.	American Legion Post 400
Hauolda Luedtke	DAV, VAV # 3 Topeka Kansas	
Pearl Luedtke	84/ Oakland, Topeka, Ks	DAVA
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Randall Scott	512 W. 6th Topeka	KVC
Samuel B. Brown	Fort Dodge, Ks.	Kansas Soldier Home
Stan Teasley	KVC 512 W 6th	KVC
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Bonney M. Aldridge	Topeka, Ks	VFW
Bernard Halty	POC Salina Ks.	VFW
Lloyd J. Rogers	Topeka, Kansas	American Legion
Clifford Chappell	Topeka, Ks	American Legion
Charles M. Yunker	Topeka, Ks	American Legion
John Hill	Topeka, Ks	DAV
Ken O'Leary	Topeka, Ks	American Legion
Hank Staucte	Topeka, Ks	VFW 1650
Erman Taylor	Topeka	American Legion
Carl Wittmer	Topeka	AL 400
Joe D. Ashley	Topeka	American Legion Post 400

PERFORMANCE AUDIT REPORT

Kansas Soldiers Home

This audit was conducted by three members of the Division's staff: Trudy Racine, senior auditor, and Cindy Denton and Curt Winegarner, auditors. If you need any additional information about the audit findings, please contact Ms. Racine at the Division's offices.

EXHIBIT A

3/25/86
Sen. G.O.

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KANSAS SOLDIERS HOME

Summary of Legislative Post Audit's Findings

This audit was authorized in response to legislative concerns about the management and oversight of the Kansas Soldiers Home, about the levels of staffing and care provided for current residents, and about future needs of the facility.

What is the relationship between the Kansas Soldiers Home, the Department of Human Resources, and the Kansas Veterans Commission? Statutes give both the Secretary of Human Resources and the Veterans Commission direct supervisory authority over the Executive Director of the Veterans Commission and the Superintendent of the Soldiers Home. As a result, their ability to establish policies and exercise oversight appears to be about the same. However, in practice oversight of the Soldiers Home is exercised primarily by the Veterans Commission and its Executive Director. The organizational structure of the Soldiers Home differs significantly from the structure of other similar State institutions, and not all states give their Veterans Commissions as much power as Kansas has.

What levels of staffing and care are provided at the Kansas Soldiers Home, and are they appropriate? The total number of staff and residents has remained constant for the past four years. However, changes have occurred in the placement of residents and in the level of care they require. Some requirements relating to both staffing and other aspects of care are not being fully met, and the requirements for care provided at the Soldiers Home are less stringent than for comparable adult care homes licensed by the State. Actions are needed to help ensure that current residents' needs are met and that the quality of care they receive is consistent with State standards. Possible options in this area include enhancing the level of care and services provided at the Soldiers Home, or moving residents who need additional nursing care to other State-licensed nursing homes.

Can current facilities at the Kansas Soldiers Home adequately house future resident populations, and how will its operations be funded? Although the number of aging veterans is increasing dramatically, the impact of that increase on the Soldiers Home should be quite limited. The additional veterans can be accommodated in existing facilities, but additional improvements may be needed and there will be less room for spouses and dependents. The projected increases in the number and percentage of veteran residents at the Home will mean that resident fees and Veterans Administration reimbursements will pay for even more of the cost of the Home's operation. The State should continue to pay less.

The State has several alternatives to consider regarding the future of the Soldiers Home. These include reviewing the Home's licensure, allowing the facility to operate as it has in the past, or closing all or part of the Home. Whatever long-term choices are made, the Legislature should also consider moving the Soldiers Home to the Department of Social and Rehabilitation Services.

KANSAS SOLDIERS HOME

The Kansas Soldiers Home was established in 1889. It is located in Fort Dodge on an abandoned military reservation, which was donated to the State by Congress for the purpose of establishing such a facility. The institution provides a home for disabled wartime veterans and their dependents who are incapable of self support. Essentially, the Home is a self-sustaining community with its own utilities, streets, and maintenance facilities.

Legislative concerns have been raised about the management and oversight of the home, about the levels of staffing and care for current residents, and about future needs of the facility. This audit was authorized by the Legislative Post Audit Committee on February 25, 1985. The audit addresses three main questions.

1. What is the relationship between the Kansas Soldiers Home, the Department of Human Resources, and the Kansas Veterans Commission?
2. What levels of staffing and care are provided at the Kansas Soldiers Home, and are they appropriate?
3. Can current facilities at the Kansas Soldiers Home adequately house future resident populations, and how will future operations be funded?

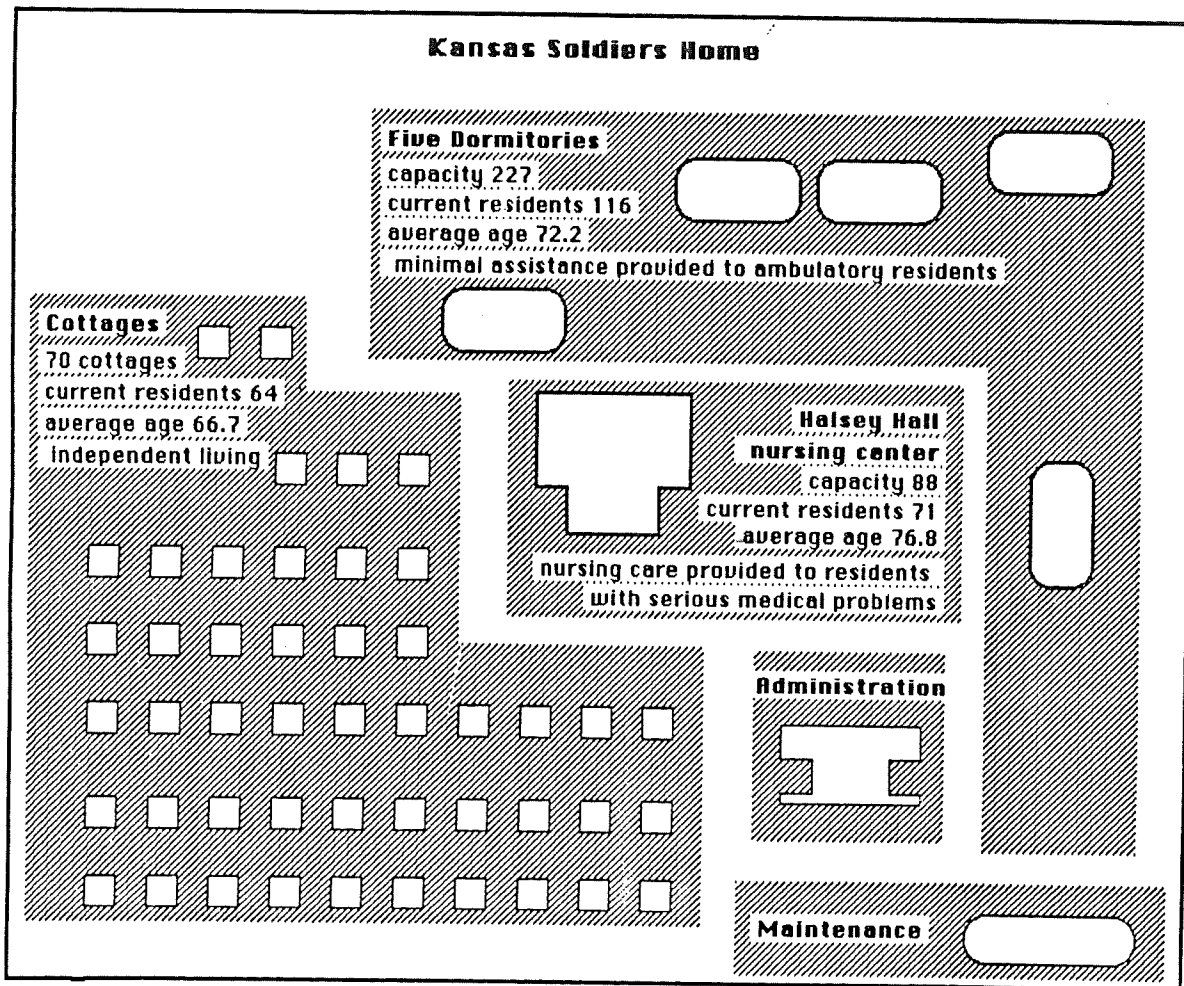
To answer these questions, the auditors interviewed agency officials and reviewed statutes, rules and regulations, budgets, and other pertinent documents. They reviewed resident information and staffing patterns, and compared the care provided at the Soldiers Home to the applicable federal and State requirements and to requirements for similar facilities. They also reviewed and assessed current and projected resident populations and the availability of various funding sources for the Home's operations. Their findings in each of these areas are discussed in this report, together with a brief description of the Home's operations and funding.

A Brief Description of the Soldiers Home

The Kansas Soldiers Home occupies nearly 700 acres of land with 70 cottages, five dormitories, a nursing center, an administration building, and other assorted support facilities. The cottages, dormitories, and nursing center are intended to provide three different levels of care, depending on the needs and abilities of the residents.

For fiscal year 1985, the Home has a staff of 133 and a total capacity of 405 beds. As of March 1985, the population of the Home was 251 residents, 51 percent of whom were veterans and 49 percent of whom were non-veterans.

In all, 235 residents were classified as "members," while 34 were patients who have been transferred to the Home from State mental institutions.



Soldiers Home Residents Must Meet Certain Eligibility Requirements

Veteran residents at the Soldiers Home must be honorably discharged disabled wartime veterans, and must have been residents of Kansas for the preceding two years. Non-veterans may be admitted if they are the spouse, widow, parent, or other dependent of an eligible veteran. In general, applicants for the Soldiers Home must fall within certain income and real property limits established by the Veterans Commission. Their monthly income may not exceed the Home's monthly charge plus \$45-\$50 to cover personal expenses. Applicants may not have real property in excess of \$5,000, or liquid assets in excess of \$10,000.

Patients transferred from State mental institutions may be admitted to the Soldiers Home if they are wartime veterans or are the spouse, parent, or child of a wartime veteran. The income and property requirements established for members do not apply to such persons. However, they may be admitted only

if they are not dangerous to themselves or others, and if their admission does not deny the admission of persons applying as regular members.

The Home's Sources of Funding Have Outpaced Its Expenditures

For fiscal year 1985 the Soldiers Home has a total budget of \$3,124,113. The Home's major sources of funding are State General Funds, Veterans Administration reimbursements, and resident fees. Residents are assessed a monthly fee based on the actual cost of care during the previous year and their income. The maximum charge is currently \$1,070 a month for nursing care and \$732 a month for dormitory care. Cottage residents are charged 20 percent of their net monthly income. The Veterans Administration pays a set daily fee for nursing care and domiciliary care (includes dormitory and cottage residents). The maximum fees are set by Congress, and states are paid the maximum rate or 50 percent of the facility's total daily cost, whichever is less. Kansas now receives the daily maximum rate for each day of veteran care, which is \$17.05 per day for nursing care and \$7.30 per day for domiciliary care.

As shown in the following table, the Home's total sources of funds increased substantially between fiscal years 1980 and 1984. In total, they rose by about 54 percent. Revenue from resident fees increased 67.6 percent, and Veterans Administration reimbursements increased 23.6 percent. The largest increase in sources of funds was to the Home's beginning balances. This appears to be the result of the Home's resources increasing at a faster rate than its expenditures.

**Kansas Soldiers Home
Sources of Funds**

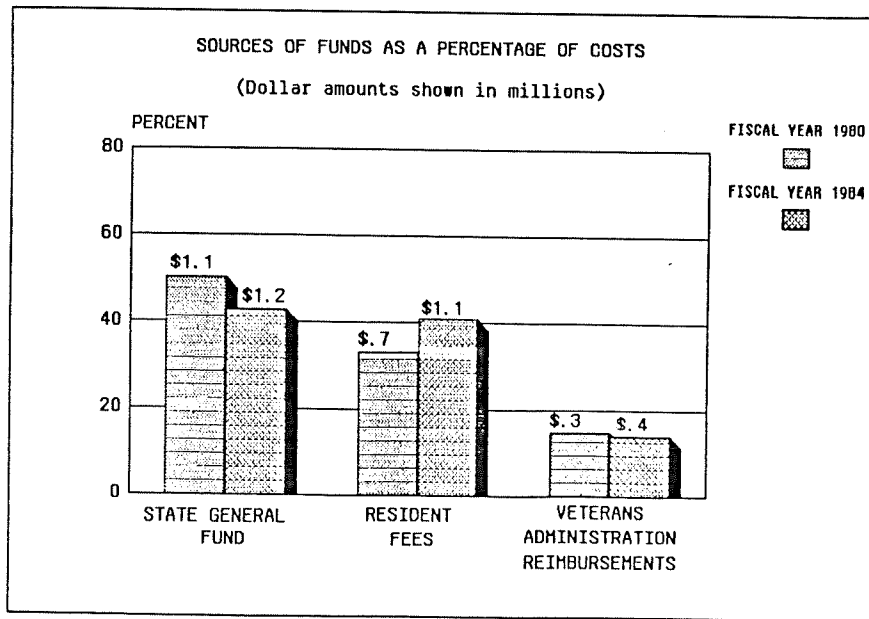
Sources of Funds	Fiscal Year		% Increase	Fiscal Year 1985 Estimates
	1980	1984		
Beginning Balance	\$ 204,903	\$ 705,772	244.4%	\$ 719,477
State General Fund	1,057,241	1,214,261	14.9	1,054,270
Special Revenue Funds	43,291	95,450	120.5	135,000
Veterans Administration Reimbursements	310,417	383,648	23.6	500,194
Resident Fees	676,449	1,133,729	67.6	1,128,619
Total Sources of Funds	<u>\$2,292,301</u>	<u>\$3,532,860</u>	<u>54.1%</u>	<u>\$ 3,537,560</u>

As the table at the top of the next page shows, the largest single category of expenditures for the Soldiers Home is salaries and wages. This category accounts for 69 percent of the Home's estimated expenditures for fiscal year 1985. Salaries and wages increased 27.5 percent between fiscal years 1980 and 1984. Expenditures for contractual services (primarily utilities), and capital improvements increased by an even greater percentage, while expenditures for commodities (primarily food and supplies) and capital outlays decreased somewhat.

Soldiers Home Expenditures

Sources of Funds	Fiscal Year		% Change	Fiscal Year 1985 Estimates
	1980	1984		
Salaries & Wages Contractual	\$1,478,052	\$1,884,388	27.5%	\$ 2,156,755
Services	195,446	414,517	112.1	405,588
Commodities	365,471	350,041	(4.2)	407,170
Capital Outlay	31,158	27,972	(10.2)	19,600
Capital Improvements	41,021	68,037	65.9	135,000
Other	65	1,302	1,903.1	-0-
Total	\$2,111,215	\$2,746,258	30.1%	\$ 3,124,113

The State's share of the cost of operating the Soldiers Home has dropped. As the following chart shows, major support for the Home's operations shifted somewhat between fiscal years 1980 and 1984. In fiscal year 1980, General Fund moneys accounted for about 50 percent of the Home's total expenditures; by fiscal year 1984, that share had fallen to about 43 percent. During the same time, resident fees rose from 33 percent to nearly 41 percent of the total. Veterans Administration reimbursements increased during this period, but they remained fairly constant as a percentage of total expenditures.



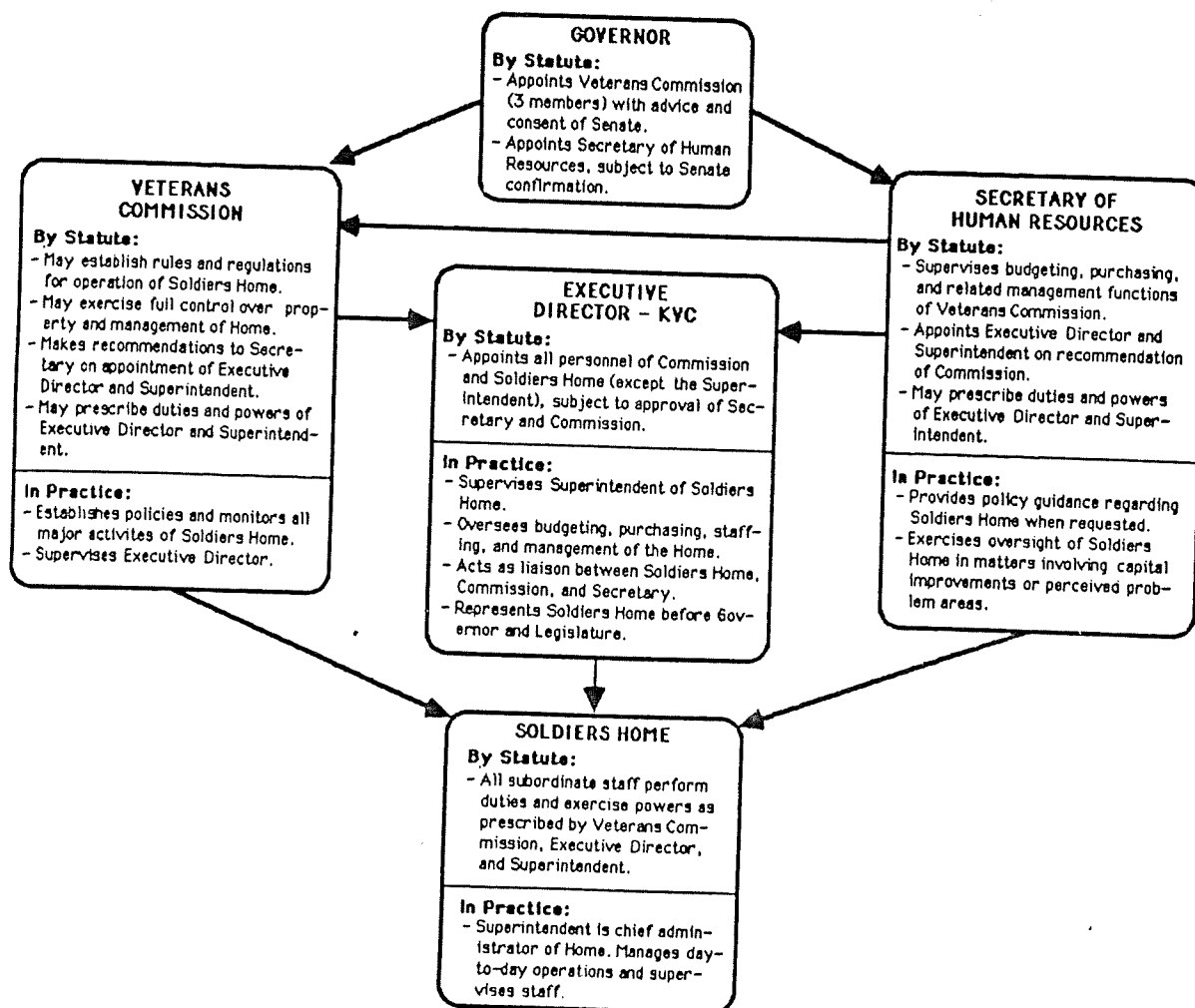
What is the Relationship Between the Kansas Soldiers Home, the Secretary of Human Resources, and the Veterans Commission?

The Legislature assigned responsibility for the Soldiers Home to the Kansas Veterans Commission in July 1953. At that time, the Veterans

Commission had the status of an independent agency. The three commissioners appointed their own administrative officer (the Director of the Veterans Commission) and exercised full control over the Soldiers Home, including the appointment of its Superintendent and the establishment of rules and regulations governing its operations. The Veterans Commission and the Soldiers Home were attached to the Department of Human Resources by Executive Reorganization Order Number 14, which went into effect July 1, 1976.

Under the reorganization order, which is contained within K.S.A. 75-5701 et seq., the Commission was made part of the Department of Human Resources, and its budgeting, purchasing, and related management functions were placed under the supervision of the Secretary. In addition, the authority to appoint an Executive Director for the Veterans Commission and a Superintendent for the Soldiers Home was transferred from the Commission to the Secretary.

The accompanying diagram shows the current relationship between the Soldiers Home, the Veterans Commission, and the Secretary of Human Resources, as set out in the reorganization order and its related statutes. The diagram also shows how the statutory authority of each entity is exercised in practice.



The Veterans Commission and the Secretary Share Joint Authority Over the Soldiers Home

As the diagram indicates, statutes give both the Secretary and the Commission several means of exercising control over the Soldiers Home. The Secretary is given the authority to appoint and dismiss the Executive Director of the Veterans Commission and the Superintendent of the Soldiers Home. The Commission is given the authority to establish rules and regulations governing the Home. Both the Secretary and the Commission are given authority to prescribe the powers and duties of the Executive Director and the Superintendent.

The statutes do not appear to give either the Secretary or the Veterans Commission precedence with regard to oversight of the Soldiers Home. According to K.S.A. 76-1904 the Veterans Commission is given "full control" over the Soldiers Home. But because both the Secretary and the Commission have direct supervisory authority over the Executive Director and the Superintendent, their ability to establish policies and exercise oversight appears to be about the same.

In practice, oversight of the Soldiers Home is exercised primarily by the Veterans Commission and its Executive Director. The diagram also shows that the Executive Director is involved in all aspects of managing the Soldiers Home. The Director reviews and approves all purchase vouchers, oversees the

Veterans Commission

The Commission has three commissioners appointed by the Governor for four-year terms. They are compensated for their expenses on a per-diem basis. State law requires that they be veterans. Currently, each of the commissioners represent one of the three main veterans organizations (American Legion, Veterans of Foreign Wars, and Disabled American Veterans). Besides its responsibility for the Soldiers Home, the Veterans Commission has a field staff of representatives who assist veterans in preparing and processing claims for benefits.

preparation of the budget, and represents the Home before the Governor and the Legislature. In addition, the Executive Director supervises the Superintendent and acts as liaison between the Soldiers Home, the Commission, and the Secretary. The Home's Superintendent manages the day-to-day operations and supervises the Home's staff.

The Veterans Commission establishes the policies of the Soldiers Home and supervises the Executive Director. Through its monthly meetings, the Commission also monitors the operations of the Soldiers Home. Its monitoring activities include reviewing and ap-

proving all purchase vouchers, considering applicants for major job vacancies, reviewing the budget, and receiving monthly status reports from the Executive Director. In addition, the commissioners visit the home twice per year to tour the facilities.

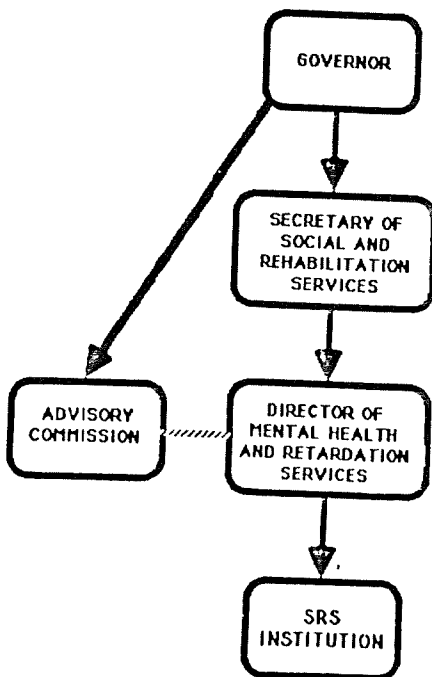
The Secretary of Human Resources is much less involved in overseeing the Soldiers Home. Little routine oversight is exercised by the Secretary or by any unit of the Department of Human Resources other than the Veterans Commis-

sion. Purchase vouchers, personnel transactions, and budgets are not routed through the Department's central management system, as they are for other agencies under the Department. Instead, they flow directly from the Executive Director to the Department of Administration. In addition, the budget allocation of the Soldiers Home is determined by the Division of Budget rather than the Secretary.

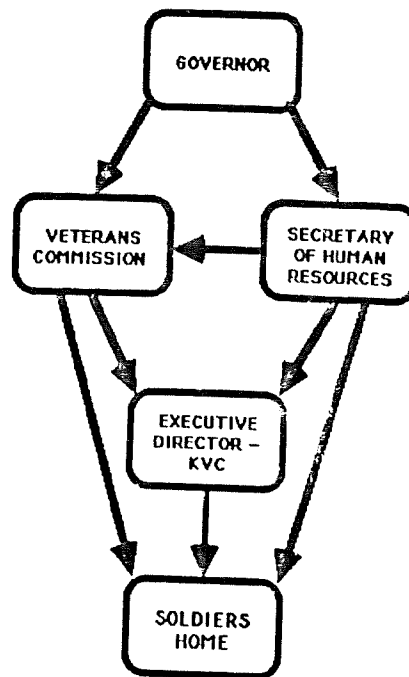
The participation of the Secretary has generally been limited to situations involving capital improvements or perceived problems with the Home's management. In addition, the Secretary may provide policy guidance when consulted by the Executive Director, and may attend legislative meetings involving the Soldiers Home (as the current Secretary regularly does). However, in general the Secretary remains in the background and leaves the principal oversight responsibility to the Veterans Commission.

The organizational structure of the Soldiers Home differs significantly from the structure of other similar State institutions. No other State institutions are exactly comparable to the Kansas Veterans Commission and the role it has over the Soldiers Home. The Commission has both independent administrative and supervisory powers. The closest agency would be the Department of Social and Rehabilitation Services. As the diagram below shows, all levels of management in that Department are expressly subordinate to the Secretary of Social and Rehabilitation Services. The Advisory Commission on Mental Health and Retardation Services provides representation of constituent interests, but it has no administrative or policy-making powers over the institutions. By contrast, the Veterans Commission, which is also essentially a constituent organization, has powers comparable to those of the Secretary. Not all states give their Veterans Commission that much power. For example, the Veterans Commissions in three of the four surrounding states are advisory bodies only.

DEPARTMENT OF SOCIAL AND REHABILITATION SERVICES ORGANIZATION STRUCTURE



SOLDIERS HOME ORGANIZATION STRUCTURE

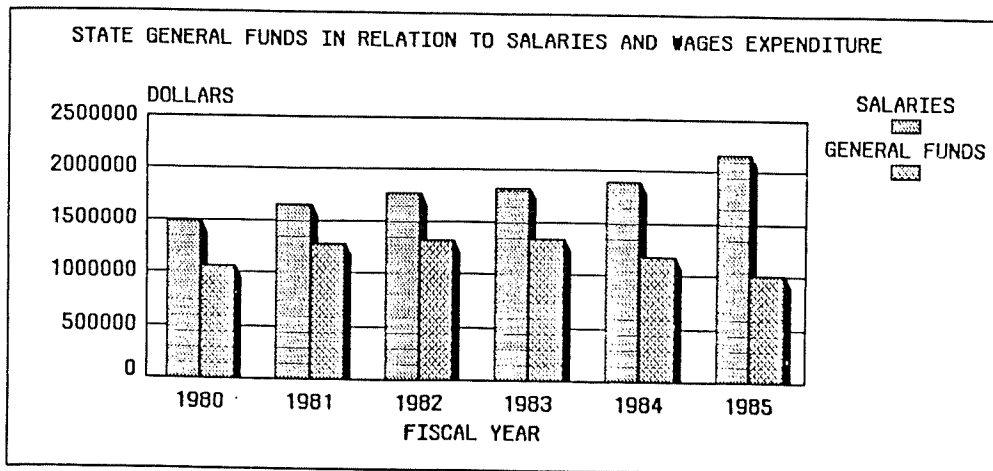


A Review of the Soldiers Home's Central Management Operations Disclosed Few Problems

As described above, the Soldiers Home receives little oversight beyond what it gets from the Veterans Commission and its Executive Director. To determine whether problems with management of the Home might have occurred as a result, the auditors reviewed five areas of the Soldiers Home's central management system. These areas were bookkeeping and accounting procedures, admissions, allocation of State General Funds, collection of accounts receivable, and personnel administration. The auditors found no serious management problems in the first four areas. However, they did note that declining State General Fund moneys are being spent on rising salaries and wages. There were also several deficiencies in the area of personnel administration. In addition, the auditors' review of accounts receivable records showed that between 1967 and 1978 the Soldiers Home had violated State laws limiting the rates charged to patients.

Shrinking State General Fund moneys are being used to pay increasing salaries and wages, which is why those funds are being spent so quickly during the fiscal year. The auditors interviewed the Home's Superintendent and the Commission's Executive Director to determine what method was used to allocate the expenditure of State General Fund moneys during fiscal years 1983-1985. They also attempted to determine why all but about \$43,000 of those funds had been spent within the first six months of fiscal year 1985.

The policy of the Soldiers Home has been to allocate all State General Fund moneys to pay for salaries and wages. Monthly payrolls are paid entirely from the General Fund until the Fund has been depleted. At one time the amount of General Fund moneys the Home received was sufficient to cover about three-fourths of the Home's salary and wage expenditures for an entire fiscal year. However, the percentage of salaries and wages paid for by State General Fund moneys has dropped to less than 47 percent for 1985. As a result, the Home's General Fund allocation is now being depleted well before the end of the fiscal year.



According to the Executive Director and the Home's Superintendent, General Fund dollars are depleted first to conserve the Home's Fee Fund, which contains moneys deposited from resident fees and Veterans Administration reimbursements. Building up a reserve balance in the Fee Fund allows the Soldiers Home to have a greater degree of flexibility with its expenditures, the Executive Director and Superintendent said, which is necessary to deal with contingencies or fluctuations in revenue. As noted earlier, the Home has built-up a substantial carry-over balance, all of which has come from its Fee Fund. For fiscal year 1985, its beginning balance was nearly \$720,000. Also for fiscal year 1985, however, the Home's State General Fund allocation was reduced by nearly \$200,000. This move is apparently part of a trend toward reducing the General Fund allocations of agencies with large fee fund balances.

The auditors found two problems in the area of personnel administration. The auditors interviewed the Home's personnel officer and reviewed a sample of 10 active personnel files to determine whether applicable policies and requirements were being adhered to. Their review identified two areas in which personnel management was deficient: the timely completion of annual position reviews, and adherence to State affirmative action policies.

Annual position reviews are required by State regulations to ensure that position descriptions correctly describe the work performed by the employee. All 10 of the position descriptions in the auditors sample were at least nine months overdue for a review. In addition, none of the 10 had ever been initialed by the employee participating in the review, which is necessary to verify that the employee has been allowed to take part in the review process. According to the personnel officer, all employees are allowed to participate in the reviews, but some do not put their initials on the document. Because of the lack of proper documentation procedures, however, the auditors were unable to verify that the reviews had been conducted properly.

The State's affirmative action policies are set out in the State Affirmative Action Plan prepared annually by the State Equal Employment Opportunity Office. The Plan requires agencies to maintain documentation of all employment interviews and hiring decisions for a period of three years. In addition, it requires agencies to maintain an "affirmative action file" containing documentation of their compliance with certain affirmative action policies. The auditors found that the Soldiers Home was not maintaining these records. The Home's personnel officer had a copy of the State Affirmative Action Plan but was apparently unaware of the policies requiring this documentation.

The auditors found that the Soldiers Home was generally subject to very little oversight in the area of affirmative action. Neither the Veterans Commission nor the Department of Human Resources had ever conducted a review of the Home's affirmative action policies or its maintenance of records. Although the Soldiers Home was initiated into the Department's affirmative action program in October 1981, it has implemented few of the Department's procedures. For example, the Soldiers Home had never adopted the Department's standard applicant interview record, although it had been instructed to do so by the Department's Equal Employment Opportunity Office. The staff of the Department's Equal Employment Opportunity Office were unaware of the Home's failure to comply with this procedure, apparently because no attempt had been made to monitor its implementation.

Recommendations

1. To comply with State regulations regarding employee position reviews, the Soldiers Home should conduct position reviews at least annually and should ensure that all employees signify their participation by initialing the position description.
2. To ensure compliance with State affirmative action policies, the Soldiers Home should establish a closer relationship with the Department of Human Resources' Equal Employment Opportunity Office. In addition, because the Department is responsible to the State Equal Employment Opportunity Office for the Home's implementation of affirmative action policies, the Department's Equal Employment Opportunity Office should take steps to monitor this activity on a more regular basis.

The auditors' review of accounts receivable records revealed large unpaid balances. This review was conducted to determine whether the system used to collect fees was adequate. Although the billing and collection procedures appeared to be adequate, some accounts had accumulated large unpaid balances, due in part to the Home's violation of State laws limiting the rates charged.

Before 1967, State law required the Soldiers Home to charge patients transferred from State mental institutions to the Home the same rate established for patients remaining in those State institutions. That law was amended in 1967 to eliminate this requirement. It allowed the Soldiers Home to continue using this rate only so long as it did not exceed the Home's own per-diem cost of care for the Home's regular residents for the preceding year. Between 1967 and 1978, the Soldiers Home continued to use the State institution rate, which was considerably higher than the per-diem cost of care. For example, in fiscal year 1978 transfer patients were charged \$486 per month, even though the cost of care for regular residents for the preceding year was only \$331 per month. This would translate into an annual figure of approximately \$1,860 per patient in excess of the maximum allowable rate.

Because many patients were unable to pay the full amount of their charges, they began to accumulate large debts. In fiscal year 1978, the Home stopped charging patients the State institution rate and began to charge them according to their ability to pay. However, there are currently 19 transfer patients at the Soldiers Home who have a combined debt of \$258,516 attributable to charges assessed prior to that time. Although the auditors were unable to estimate the total amount these patients were charged in excess of the maximum allowable rate, the figures above for fiscal year 1978 indicate that the amount could be significant. For this reason, the account balances of these 19 patients may not reflect the amount they legally owe.

Recommendation

For each of the 19 transfer patient accounts showing unpaid balances on charges prior to fiscal year 1979, the Soldiers Home should determine what amount was charged in excess of the legal maximum rate, and take steps to adjust the balances accordingly.

What Levels of Staffing and Care Are Provided at the Soldiers Home, and Are They Appropriate?

To answer this question the auditors visited the Soldiers Home, where they collected and analyzed data about the number of staff and residents. This analysis was done for the total population and for the population within each level of care provided by the Home. Based on their review, the auditors found that the numbers of staff and residents had remained constant for the past four years. However, changes have occurred in the placement of residents and in the level of care they require. The auditors also found that some requirements relating to both staffing and other aspects of care were not being met, and that the requirements for care provided at the Soldiers Home are less stringent than for comparable adult care homes licensed by the State. These findings are explained more fully in the following sections.

The Soldiers Home Provides Three Levels of Care For Its Residents' Varying Needs

The Soldiers Homes currently houses 251 residents who are wartime veterans or their spouses or dependents. It offers three different living situations and levels of care for these residents, based on their mental and physical abilities. These levels of care are explained more fully in the accompanying box, and are described briefly below:

- Independent living** is provided in cottages and requires no staffing.
- Five **dormitories** house residents who are incapable of living alone but who need only minimal assistance.
- Nursing care** is provided in Halsey Hall for residents who have serious medical problems and need constant supervision and assistance.

An analysis of information available on current residents showed that the majority have primary disabilities that are medical in nature (168 residents, or 67 percent). However, 79 residents (31.4 percent) have mental disorders or are alcoholics. Four individuals have no disabilities; they were admitted as spouses of disabled veterans.

The average age of residents is 71.6 years, but the average age varies substantially by type of residence. For example, in one dormitory the average age of residents is 61, while in another dormitory the average age is almost 85. The average age of the nursing care residents is 77, compared to an average age of 69.6 for the dormitory and cottage residents combined.

Three living arrangements and levels of care are provided at the Kansas Soldiers Home.

Independent living is provided in self-contained cottages. Couples may rent a cottage if they are capable of doing such daily chores associated with independent living as preparing their own meals. These individuals receive limited medical support services, such as medications, but daily nursing care is not provided.

Five dormitories accommodate members who are incapable of living alone but who need only minimal assistance. The level of care provided is similar to a State-licensed personal care home. Residents are expected to keep their rooms neat, but other house-keeping and food services are provided. Medications are furnished and at least one attendant is always on duty in each dormitory.

Nursing care is provided in Halsey Hall. This 88-bed facility has a total-care area on the second floor for residents who need constant supervision and assistance and have serious medical problems. The level of care provided is similar to a State-licensed intermediate care facility. Third floor residents are given constant supervision but less assistance than second floor residents. Nursing, medical, and house-keeping support services are provided on each floor. At least one registered nurse is on duty in Halsey Hall 24 hours a day.

With the three levels of care, the Soldiers Home provides a continuum of care so that residents who become more disabled after admission do not have to leave the facility. Instead, they can be moved temporarily or permanently to an increased level of care. The auditors' review of other states' facilities showed that not all states provide three levels of care. Some provide only one or two levels of care. When fewer care levels are provided, the lower levels are generally the ones eliminated. A brief summary of care levels provided by veterans' facilities in surrounding states is presented in the box on the next page.

Over the Past Four Years, Staffing and Resident Levels Have Remained Unchanged as a Whole

To determine how the ratio of staff to residents has changed over time, the auditors reviewed resident population and staffing figures for the four-year period from 1981 through 1984. Because population numbers shown in the Home's budget appeared to be inconsistent, the auditors used only the staffing figures from the budgets. They computed average yearly resident population figures from the Home's quarterly reports to the Veterans Administration.

**Total Resident Population and Staff at the Soldiers Home
Calendar Years 1981-1984**

	<u>1981</u>	<u>1982</u>	<u>1983</u>	<u>1984</u>
Staff	132.8	132.8	132.8	132.8
Residents	255	252	247	255

As the table shows, the number of staff has not changed throughout the period. Resident populations dipped slightly in 1982 and 1983, but returned to the 1981 level of 255 residents in 1984.

**Internally, Resident Populations Have Shifted Somewhat
From the Cottages to the Dormitories**

The following table shows the population and nursing staff at the Soldiers Home by the three levels of care. As the table shows, there has been an internal shift of residents from cottage-level living to the dormitories. Popula

<p>Veterans homes in the states surrounding Kansas are similar in the type of care provided but diverse in the number of facilities.</p> <p>The auditors reviewed material from the National Association of State Veterans Homes pertaining to Colorado, Oklahoma, Missouri, and Nebraska. They found that nursing and domiciliary dormitory-level care is provided in each of these four states, but that variations exist in the intensity of care and number of facilities. Veterans homes are structured in each state as follows:</p> <p>Colorado (two facilities) --one provides skilled nursing care</p>	<p>--another provides domiciliary and nursing care</p> <p>Oklahoma (five facilities) --four provide both domiciliary and nursing care --one of the four provided dialysis --one provides only nursing care</p> <p>Missouri (two facilities) --both provide nursing care --one also provides domiciliary care</p> <p>Nebraska (four facilities) --three provide domiciliary and nursing care --one is a residential care facility</p>
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tion in the cottages dropped from 85 in 1981 to 61 in 1984, but increased in the dormitories from 95 to 119. There was no change in the nursing facility population.

Population and Direct-Care Nursing Staff by Care Level

	<u>1981</u>	<u>1984</u>	<u>% Change</u>
Cottages			
Residents	85	61	(28%)
Nursing Staff (a)	0	0	0
Dormitories			
Residents	95	119	25%
Nursing Staff	38	38	0
Residents per Staff	2.6	3.13	
Halsey-Nursing Care			
Residents	75	75	0
Nursing Staff (b)	29	29	0
Residents per Staff	2.59	2.59	

(a) No assigned staff.

(b) Excludes the Director of Nursing, who provides no direct care.

Officials at the Soldiers Home report that residents are increasingly disabled. They said the population shift between the cottages and the dormitories was the result of both current residents and incoming residents being older and in poorer health. In addition, studies of the aging population in general show that people are living longer and have more money. Communities have greater resources, such as visiting nurses, community meal programs, and senior centers. These factors allow individuals to remain in their homes longer, and may mean that they need more care when they enter institutions.

Because staffing in the dormitories has remained constant, there are now more residents per staff member in the dormitories. The table also shows that no nursing staff changes have been made at any of the three levels of care since 1981. As a result, in the dormitories the number of residents per nursing staff rose from 2.6 in 1981 to 3.13 in 1984. There are no staffing standards for the Soldiers Home based on staff-resident ratios, and the only other standards are direct-care nursing hours provided per resident per day for the nursing facility, not the dormitories.

**The Soldiers Home Generally Meets Applicable Requirements
Relating to Staffing Levels, But Some Residents' Needs
May Nonetheless Not Be Adequately Met**

The Soldiers Home is regulated at both the federal and State level. At the federal level, Veterans Administration regulations cover most aspects of the Home's operations, including nursing services, administration, and dietetics. Its direct staffing requirements relate only to the nursing facility at Halsey Hall. Veterans Administration guidelines recommend that the nursing facility staff provide 2.0 hours of direct care per resident per day. It also requires that at least one registered nurse be on duty 24 hours a day.

At the State level, the Soldiers Home's nursing facility is licensed by the Department of Health and Environment as a recuperative center, the only one in the State. This licensure identifies Halsey Hall as a permanent facility with organized medical staff and services, where treatment is provided for individuals who require inpatient care but who are not acutely ill. The direct staffing requirements for a recuperative center are similar to those of the Veterans Administration. The State requires that the nursing facility have a registered nurse on duty 24 hours a day. It has no direct staffing requirements for the dormitories because they are not licensed.

To assess the levels of staffing care provided by the Soldiers Home, the auditors computed the available care hours per resident per day for each dormitory and for the nursing facility in Halsey Hall. They performed this computation for a sample week. Adjustments were made to reflect differences in staff duties. Resident care nursing staff are on duty in both the dormitories and Halsey Hall, but they have different responsibilities. The dormitories are staffed by hospital attendants who have cleaning duties as well as resident care duties. Residents also depend on these attendants for such things as assistance with bathing or dispensing of medication. Halsey Hall employs hospital attendants who do not do housekeeping, in addition to a staff of nine registered nurses and one practical nurse who devote themselves strictly to patient care. The results of the auditors' computations are summarized in the table on the next page.

As the table shows, the nursing facility's staffing care level of 2.35 hours per resident exceeds the 2.0 hours recommended by the Veterans Administration. (It also exceeds the State's requirements of 1.75 hours per resident per day for adult care homes licensed as intermediate care facilities and 2.0 hours for homes licensed as skilled nursing facilities.) Although the care hours provided at the nursing facility exceed requirements, they may not be more than is needed. According to Soldiers Home staff and the auditors' observa-

tions, the facility is not designed for efficient staffing. Among other limitations, each floor of 44 beds must be staffed separately, and resident rooms are not visible from the nurses' stations.

Nursing Staff Direct-Care Hours Provided Per Resident Per Day at the Soldiers Home

	Nursing Facility at Halsey Hall	Dormitories (a)					Dorm. Avg./Tot.
		Lincoln	Grant	Nimitz	Pershing	Walt	
Avg. Direct-Care Hours Provided (b)	2.35	1.40	1.31	.97	.91	.81	1.08
Avg. Resident Age	76	85	72	71½	61	75½	72
Current Resident Population	69	17	24	24	21	22	108
% of Residents With These Disabilities:							
Medical	68%	85%	17%	75%	38%	73%	56%
Mental	23	15	83	17	50	18	38
Alcoholism	9	0	0	8	12	4.5	.5
None	0	0	0	0	0	4.5	1

- (a) Excludes the estimated 40 percent of staff time spent on housekeeping.
 (b) Excludes the Director of Nursing at Halsey Hall, who provides no direct care.

The table also shows that less care time is provided in the dormitories than in the nursing facility. This was not unexpected, because residents in the dormitories supposedly need only minimal care. On the average, dormitory residents receive 1.08 hours of direct care per day. However, those hours vary considerably by dormitory. The auditors were unable to determine whether the levels of care being provided are adequate because the Soldiers Home does not assess residents' needs and ability to function in different settings. However, it did appear that some residents' needs were not being fully met. These findings are explained more fully in the sections that follow.

The amount of direct-care time dormitory residents receive varies considerably by dormitory, but there seems to be little relationship between the care hours provided and the residents' age or disability. As the table above shows, direct-care hours provided to dormitory residents range from 1.4 hours per resident per day in Lincoln Hall to .81 hours in Walt Hall. The highest number of care hours were provided to dormitory residents at Lincoln Hall (who are oldest on average and 85 percent of whom have medical disabilities) and Grant Hall (who are considerably younger than Lincoln Hall residents but 83 percent of whom have mental problems). Beyond these first two groups, there appeared to be few patterns that might explain the variances in the care hours provided. For example, residents at Walt Hall received the least amount of care hours per day, but their average age was the second oldest of all the dormitories.

Staffing levels in the dormitories are not based on the assessed needs of residents and may not be adequate. Because of increases in the dormitory populations, apparent increases in the age and needs of those residents, and the

absence of established requirements for staffing levels in the dormitories, the use of a resident needs assessment system at the Soldiers Home would appear to be essential. Many licensed adult care homes use such a system as a supplement to State and federal standards to help them determine their actual staffing needs based on residents' level of functioning. A needs assessment system was instituted at the Soldiers Home in 1984, but the auditors found that it has not been consistently maintained and that the information is not used for management purposes.

To determine what resident care needs had been identified for dormitory residents, the auditors reviewed the one complete assessment summary completed for the Home in January 1984. The summary showed that dormitory residents included individuals who were incontinent, who were confused or wandered, and who were receiving special skin care for decubitous ulcers (bed sores). These are conditions one would more typically expect to find in residents of a nursing home, not a self-care facility.

It would appear that some of these dormitory residents may need a greater level of care than they are being provided in a dormitory setting. The most obvious solution might be to place some or all of those dormitory residents into the nursing facility at Halsey Hall. However, the makeup of the population in that facility is restricted by Veterans Administration requirements. In 1982, the Veterans Administration began requiring 75 percent veterans occupancy in the nursing facility. Given the nursing facility's capacity, only 22 non-veterans can be allowed in the nursing facility at a time. And when occupancy rates are down, the number drops even lower. This has meant that non-veteran residents in the dormitories and cottages cannot always be transferred to the nursing facility in Halsey Hall when they need greater levels of care.

There may be other ways to provide for those residents' increased care needs. The auditors explored two alternatives: consolidating into one dormitory those dormitory residents who need greater levels of care and increasing the staffing and care level provided, and transferring non-veteran dormitory residents who need nursing care but who cannot be accommodated in the existing nursing facility at Halsey Hall to a currently licensed adult care home.

One option for dealing with dormitory residents who need nursing care is to group them into one dormitory and increase the level of staffing and care provided. The Soldiers Home apparently considered this or a similar option in its 1986 budget request. It asked for five additional hospital attendants to increase staffing in one of the dormitories, so that residents who need more care could be accommodated there. Although the Governor did not recommend these additional positions, approximately \$100,000 was requested for this purpose.

This additional staffing would have increased the cost of operation for that dormitory by about \$8 a day for residents' care, to about \$36. The State would bear the brunt of this cost increase unless, in conjunction with a decision to consolidate needier residents into a single dormitory, the dormitory were also licensed as an intermediate care facility or a Title XIX (Medicaid) facility. For the former, Veterans Administration reimbursements would be increased by about \$10 per veteran resident in that dormitory per day. However, the State

would have to bear the additional expense of renovating and improving the dormitory to meet licensure requirements. To obtain certification for the dormitory as a Medicaid facility as well, other aspects of the Home's operations might have to be altered or amended. But under Medicaid certification, the federal government would pay 50 percent of the eligible costs not covered by residents or the Veterans Administration. (A more detailed explanation of funding ramifications under this option is presented in Appendix A.)

Another option for dealing with dormitory residents who need nursing care that the Soldiers Home cannot provide is to transfer them to other State-licensed nursing homes. If residents were moved to existing intermediate care facilities, Veterans Administration reimbursement for their care would no longer be available. However, residents would pay slightly more for their own care because of differences in the treatment of income, and the State's share would be reduced because of federal financial participation. If 35 residents were moved to existing intermediate care facilities, the State would pay a daily average of \$10 for their care, compared to the current average of \$17.25 for dormitory residents.

The auditors were not able to fully evaluate the appropriateness of each of these alternatives during the course of this audit. To complete that evaluation would require that residents' needs for care and eligibility for alternative sources of care be fully assessed, on an individual basis. In addition, the availability of the most appropriate alternatives would need to be determined. For example, if many of the residents who need increased levels of care are mentally ill, ineligible for alternative services, or have been at the Soldiers Home for many years, moving them to intermediate care facilities may not be feasible or appropriate.

The Soldiers Home Is Out of Compliance With Veterans Administration Requirements in Several Other Areas Related to Resident Care

Besides staffing requirements for the Home's nursing facility, Veterans Administration regulations cover such aspects of the Home's operations as therapeutic and rehabilitation services, dietetics, and life safety requirement. To assess the Home's compliance with those other requirements, the auditors reviewed the Veterans Administration's annual inspection reports from 1978 on.

The Home has had considerable difficulty meeting Veterans Administration requirements in the past. Although inspection reports show that the basic nursing care provided by the Home has generally been viewed as adequate, the Home has been cited for deficiencies relating to such matters as life safety requirements, dietary practices, and an absence of ancillary services. Policies, procedures, and documentation have also frequently been cited as deficient. In March 1981, the Soldiers Home was threatened with the loss of Veterans Administration reimbursement as a result of its continued deficiencies. The level of compliance with those requirements has improved substantially since then. At present, there appear to be only three remaining deficiencies from the Veterans Administration's 1984 inspection report. These are:

- Rehabilitation services needed by patients should be provided to improve and maintain their maximum functioning.**

- The Home should correct remaining life safety deficiencies in the dormitories.
- The dietary department should provide a nutritional care plan for each resident.

Although all of these remaining deficiencies should be corrected, the Home's lack of rehabilitative services appears to have the greatest impact on resident care.

Services are lacking or are only marginally sufficient in a number of areas relating to resident care. The Veterans Administration requires the Home to provide specialized rehabilitation services (including physical therapy, occupational therapy, and psychotherapy) to restore patients to their maximum level of functioning in each level of care. It continues to cite the Home for a lack of those services. The Soldiers Home's response has been that residents who need rehabilitative services are transferred to other facilities. However, some residents at the Home might benefit from rehabilitative services. For example, there are 66 residents whose primary disability is mental illness, but the Home provides no psychotherapy and has no psychiatric consultant to review their progress or make sure their medications are appropriately adjusted. Thirteen residents' primary disability is alcoholism, but no counseling or therapy is provided to them by the Home. Physical therapy, speech therapy, and occupational therapy are also not provided, although those services can significantly improve an individual's level of functioning.

The Veterans Administration also requires the Soldiers Home to provide essential services related to the psychological, economic, spiritual, and recreational aspects of care to all residents. However, the services provided in these areas are marginal. The Home has one recreational therapy aide and one chaplain, who serve all the residents. This translates into about 10 minutes of service from each of those staff members per resident per week. The Home also employs a social worker two days a month to prepare social histories, identify residents' needs, and prepare a plan for care. The Veterans Administration found the level of service provided under this arrangement to be "marginally sufficient," but noted that social histories were done only for recent admissions, and that there were no sound plans for care.

In these areas, the Veterans Administration requirements are similar to the requirements for licensed adult care homes, particularly those for intermediate care facilities. The Veterans Administration has apparently tolerated a lack of compliance with those requirements for a number of years. Intermediate care facilities do not always fully provide for their residents' rehabilitation and psychosocial needs, either. But they are subject to additional monitoring and enforcement sanctions, particularly if they accept Medicaid residents.

The Department of Health and Environment Licenses the Nursing Facility, But Provides No Routine Oversight Over Any of the Home's Operations

The Home's nursing facility is the only licensed recuperation center in the State. This licensure identifies it as a permanent facility with organized

medical staff and services, where treatment is provided for individuals who require inpatient care but who are not acutely ill. The Home's previous nursing facility was licensed as a hospital, as was Halsey Hall when it was built in 1970. However, in 1973 the statutes were amended to provide for recuperation centers. At that time, staff of the Department of Health and Environment indicated that licensure as a recuperative center was more reflective of the type of care given at Halsey Hall than licensure as a hospital. It was also noted that the facility might be licensed as a skilled nursing home, but standards it would have to have met would have been more restrictive and demanding.

Although the State relicenses the nursing facility at Halsey Hall annually, the process is done by mail. Actual inspections take place only when complaints are received, and the last time an on-site inspection was conducted was in 1981. The dormitories and cottages are not licensed by the State, and the Department of Health and Environment provides no oversight of the care provided there.

The appropriateness of licensure as a recuperative center seems questionable in light of the fact that the Home provides no restorative or therapeutic services. Correspondence the auditors reviewed indicated that the Home's licensure status has been reviewed several times. Licensure as a recuperative center appears to have been maintained primarily out of concern that the Home would not meet the other relevant standards.

Care-Related Requirements for the Soldiers Home are Less Stringent Than For Other State-Subsidized Facilities Providing Comparable Levels of Care

Because the Soldiers Home's facilities are either not licensed or their licensure does not require routine State oversight, the requirements related to the care it provides are established and enforced almost exclusively by the Veterans Administration. To determine how this affects the care that is provided, the auditors compared Veterans Administration requirements to those for other licensed facilities which the State does oversee.

They found that, in general, the Soldiers Home is comparable to State-regulated adult care homes in the type of residents served and the level of care provided. The nursing center in Halsey Hall is similar to an intermediate care facility because it accommodates individuals who are not acutely ill but who require nursing care. (Although the overall level of staffing in Halsey Hall more closely reflects the provision of skilled nursing care, the Home does not provide the additional services required in skilled facilities.) The dormitories are comparable to personal care facilities in that their residents require simple nursing care.

Veterans Administration staffing requirements for the nursing facility at Halsey Hall are more stringent than the State's requirements for intermediate care facilities. They require a registered nurse to be on duty 24 hours a day, while the State requires a licensed nurse on the day shift, a nurse on call at other times, and 1.75 care hours.

In other areas, however, State requirements are more stringent. For example, the State has guidelines defining who may pass medications in an intermediate care facility. It requires that there be a periodic interdisciplinary

assessment of residents' needs, and that an outline of infection control procedures be prepared.

For the level of care given in the dormitories, guidelines are more general at both the federal and State level. However, the State's licensure of personal care homes is still more explicit in its requirements related to such matters as nutrition and meal planning. In addition, the administration of medication is regulated, and inservice staff development programs are required in State-licensed personal care homes.

Actions Are Needed To Help Ensure That Current Resident Needs Are Met And That the Quality of Care Is Consistent With State Standards

As discussed in this section of the report, staffing levels in the dormitories have remained constant despite an increase in dormitory resident populations, and direct-care hours vary significantly by dormitory. Staffing levels are not based on residents' needs because the Soldiers Home has not assessed all residents' needs and level of functioning. By licensing the Soldiers Home as a recuperative center without annual inspections for relicensure, the State has essentially delegated oversight of the Soldiers Home's operations and care levels to the Veterans Administration. The Home meets most of the staffing requirements of the Veterans Administration, but only marginally meets a number of other care-related requirements or does not meet them at all. It is also subject to less stringent requirements than other comparable State-licensed facilities.

The auditors' findings in these areas raise serious questions. What are the needs of the residents at the Soldiers Home, and how can their unmet needs be provided? Should the Soldiers Home be licensed to fit the level of care required by the Veterans Administration, or to fit the level of care residents need? Should residents in the Home's nursing facility and dormitories receive less care and fewer services than their counterparts in State-licensed adult care homes and personal care homes? What would it cost the State if the Soldiers Home were subjected to the same standards required of other comparable State-licensed facilities?

These questions are raised not because the level of care provided by the Soldiers Home has deteriorated over the years, but because it has stayed the same. Throughout the 1970s, the approaches toward institutional and long-term care for the aged and disabled changed from custodial care to therapeutic and restorative care, with attention to patients' psychosocial needs as well as their medical needs. The Soldiers Home in most ways has continued to be a custodial-care facility for its residents.

Obviously, many of these questions will have to be answered after considerable discussion and in a forum outside this audit report. It is possible here, however, to present recommended actions that can serve as a major step in improving the level of care currently being provided for Soldiers Home residents. Recommended actions fall into two broad categories: fully assessing residents' needs and the Home's ability to provide for them, and determining the appropriate level of licensure for the Home's facilities.

Recommendations

1. The Soldiers Home should secure advice and consultation from appropriate staff of the Department of Social and Rehabilitation Services to assist the Home in fully assessing the needs of its current residents and the Home's ability to provide for those needs. That review and discussion should include consideration of reallocating existing staff resources among the nursing home and dormitories on the basis of residents' assessed level of need, requesting additional staff to more fully meet residents' actual needs, and providing additional ancillary services, such as physical therapy, recreational, and social work services.

2. The Soldiers Home should work with staff of the Departments of Health and Environment and Social and Rehabilitation Services and should solicit legislative advice to help determine the most appropriate level of licensure for each of the Home's levels of care. Specifically, consideration should be given to licensing the nursing facility at Halsey Hall as an intermediate care facility and the dormitories as personal care homes. If there is insufficient space in the Home's nursing facility for dormitory residents who may need a greater level of care, the Soldiers Home, in conjunction with these agencies, should consider the following:
 - consolidating into one dormitory those dormitory residents who need nursing care and increasing staffing levels as appropriate. As part of this option, consideration should be given to obtaining licensure for this consolidated dormitory as an intermediate care facility and certification as a Title XIX (Medicaid) facility.

 - Transferring dormitory residents whose needs the Home is not able to meet in its nursing facility at Halsey Hall to a currently licensed adult care home.

Can Current Facilities at the Kansas Soldiers Home Adequately House Future Resident Populations, And How Will Its Operations Be Funded?

To answer this question, the auditors evaluated information from the Soldiers Home about current residents' characteristics and sources of support. They obtained information from the Veterans Administration and other sources about projected future needs for veterans' nursing home and domiciliary care, and compared those needs to existing available space. In addition, they analyzed the current funding of each level of care at the Soldiers Home to assess the possible impact of changes in the population on that funding. They found that, although the number of aging veterans is increasing dramatically, the impact of that increase on the Soldiers Home should be quite limited. The additional veterans can be accommodated in existing facilities, but additional

improvements may be needed, and there will be less room for spouses and dependents. They also found that the projected increases in the number and percentage of veteran residents at the Home will mean that resident fees and Veterans Administration reimbursements will pay for even more of the cost of the Home's operation. The State should continue to pay less.

The Number of Aging Veterans Is Increasing Dramatically, But the Impact Of That Increase on the Soldiers Home Should Be Limited

The veteran population tends to cluster in age groups related to service in major conflicts. Currently, the number of World War I veterans is declining, but large numbers of veterans representing World War II and the Korean War are moving into the age groups that are known to have the greatest need for health care and other benefits. They will be moving through those ages for the next 20 years.

Because World War II and Korean War veterans are so numerous, their aging will increase the average age of the entire veteran population and swell the ranks of veterans aged 65 and over. As a result, veterans over 65 will represent a growing proportion of all males over 65 during the next two decades. In 1980, about 27 percent of all American males over 65 were veterans. In 2000, that proportion will reach 63 percent.

A dramatic increase in Veterans Administration-subsidized nursing home care is expected before the year 2000. The Congressional Budget Office projects that, if average hospital stays remain the same in 1990 as in 1982, veterans' demand for nursing home care will increase about 40 percent by 1990. By the year 2000, the demand for nursing home care would be more than double that of 1982. That dramatic increase would be caused mainly by the large increase in the number of veterans in the high-use category for nursing home services--age 85 and older.

Nationwide, increases in domiciliary care are also expected. This is the Veterans Administration's term for the level of care provided in the dormitories and cottages at the Soldiers Home. However, because the percentage of veterans who use this service has been declining in recent years, the total need for additional domiciliary beds should be far less.

If projections are accurate, the Soldiers Home will need to accommodate only a slightly higher number of veterans in the nursing home facility by 1990. The Veterans Administration has developed projections of veterans' nursing home use for future years. Those projections are based on the assumption that veterans of specific ages will use nursing care facilities in the same proportion as non-veterans, and that the Veterans Administration will assume responsibility for supporting a specific market share of veterans' use of those facilities. The following table shows the projected number of veterans the Veterans Administration expects to support in Kansas facilities in fiscal year 1990, in comparison to actual figures for fiscal year 1982, the base year used for the projections.

**Veterans Administration-Supported or Subsidized
Nursing Home Residents in Kansas**

	<u>Actual 1982</u>	<u>Projected 1990</u>	<u>Projected Increase</u>
Community Nursing Home Care	195	510	56.4%
Kansas Soldiers Home	51	63	7.0
Veterans Administration-owned facilities	<u>117</u>	<u>332</u>	<u>36.6</u>
Totals	<u>363</u>	<u>905</u>	<u>100.0%</u>

As the table shows, by 1990 the Soldiers Home is expected to provide only 12 of the 542 additional nursing home beds the Veterans Administration planned to add in Kansas over 1982 levels.

The Veterans Administration expects to serve most of the additional veterans in other types of facilities. Those facilities are described in the box on this page. The auditors spoke with the analyst who prepared the projections to determine why the projected increase for the use of the Soldiers Home nursing care beds was so slight. They were told that the Veterans Administration did not think it could assume the State of Kansas would provide additional beds. The projections also assume that additional community nursing home beds will be available, based on historical occupancy rates. Increased reliance on community nursing home beds is seen as a more cost-effective alternative than adding additional beds to the Veterans Administration system, which might go unused as the aging veteran population declines after the year 2015. The analyst also noted that these projections are probably moderate. However, actual increases to date appear to reflect the projected trend. The Kansas Soldiers Home currently has 55 veterans assigned to the nursing home.

The Veterans Administration expects to provide less domiciliary care in its own facilities, but to support additional veterans in the cottages and dormitories at the Soldiers Home. In Kansas, the Veterans Administration plans to reduce its number of domiciliary beds from the current 700 to 600 by 1995. This shift

Veterans Administration owned and operated nursing homes. These facilities provide convalescent and nursing care services to veterans on a priority basis, depending on whether their disability and treatment condition are service-related or not. Most of these facilities have waiting lists. There are 185 nursing home beds in the three Veterans Administration facilities in Kansas, located at Wichita, Topeka, and Leavenworth. All of these are full.

Community nursing homes. Care in community nursing homes at Veterans Administration expense is generally limited to six months' duration, and is provided to non-service-disabled veterans only after they have been hospitalized in a Veterans Administration hospital for the maximum benefit period available to them. The Veterans Administration currently contracts for 190 community nursing home beds in Kansas.

State veterans' homes. Two federal programs support the care of veterans in State veterans' homes. One is a per diem program whereby the Veterans Administration assists the State in providing hospital, nursing home, or domiciliary care to veterans. Under this program, in which Kansas currently participates, the Veterans Administration financing is limited to 50 percent of the total cost of care. Care can be provided as long as necessary, at the State's discretion. Most states, like Kansas, require a period of state residency for eligibility. Many states, also like Kansas, require the veterans to have served on active duty in war periods. Unlike Kansas, some states do not grant eligibility for care to spouses or dependents. The second program for supporting State facilities is a grant program. Under this program the Veterans Administration participates in up to 65 percent of the construction cost of new facilities for nursing home and domiciliary care, provided at least 75 percent of the beds constructed are used for veterans. Kansas participated in this program for the construction of Halsey Hall, the nursing care facility at the Kansas Soldiers Home.

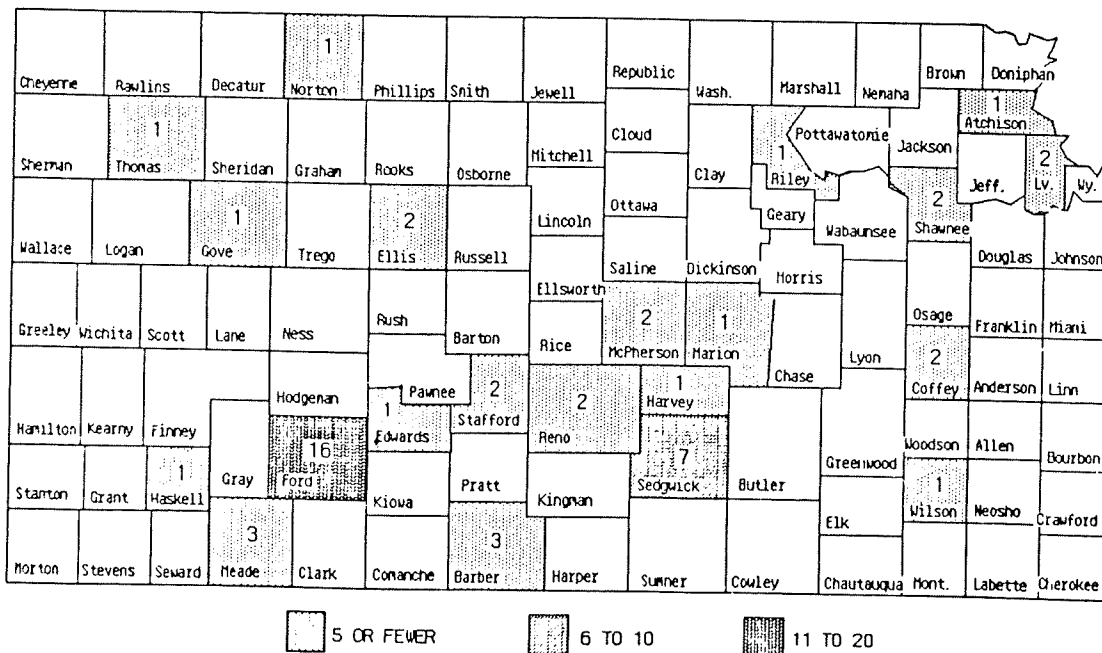
apparently reflects a changing use of those beds (concentrating on short-term stays and rehabilitative services), a need to renovate many of the existing domiciliary beds, and a desire to reduce the portion of domiciliary care for which the Veterans Administration is responsible. In turn, the Veterans Administration anticipates subsidizing the care of 131 domiciliary beds at the Soldiers Home in 1995, up from 53 in fiscal year 1983 and an increase of 58 over the 73 veterans who were receiving domiciliary care in March 1985. The Home should be able to accommodate such an increase, because 137 beds that are currently available in the cottages and dormitories are not filled.

Several factors tend to limit the impact of increased numbers of veterans on the Soldiers Home. Nationwide, the use of domiciliary facilities has been declining, both in Veterans Administration facilities and in other states' soldiers homes. Individuals the auditors spoke to indicated they felt that veterans were becoming more financially able to remain independent longer, and that some were using community-based services to enable them to remain in their own homes longer. This trend has been identified in Kansas as well.

The auditors' review of available research also showed that most veterans do not rely on the Veterans Administration for their health care needs. Although all veterans aged 65 and older are eligible to use at least some Veterans Administration-supported health care, only about 10 to 15 percent of them use that system in any given year. In 1982-83, the Veterans Administration was supporting or subsidizing about 7.5 percent of the estimated 4,800 veterans in Kansas nursing homes. With an average of 58 veterans living in the Soldiers Home's nursing facility in 1983, the Home obviously is serving a very small portion of the veteran population.

The auditors' review of admission records for the 53 new members who were admitted since March 1984 showed that the Home seems to be primarily serving a regional population. As the map shows, 72 percent of the residents

COUNTIES OF RESIDENCE AT ADMISSION
MARCH 1984-MARCH 1985



admitted since March 1984 came from the southwest portion of the State. Sixteen individuals (30 percent of the admissions) came from Ford County, where the Soldiers Home is located. An additional nine percent of the admissions came from the northwest part of the State. Only 19 percent of the year's admissions (10 individuals) came from the more heavily populated eastern portion of the State.

The auditors did find that recent admissions have contributed to a slight increase in the overall percentage of veterans in the facility, as shown below:

Admissions to the Soldiers Home Since March 1984

Number of Veterans	40	75.5%
Wives/Widows	10	18.9%
Other Dependents	<u>3</u>	<u>5.6%</u>
	<u>53</u>	<u>100.0%</u>

In addition, the admissions are beginning to include more World War II and Korean War veterans. Of the 40 veterans admitted to the Home since March 1984, only five were World War I veterans, 10 were Korean veterans, and 25, or nearly two-thirds, were veterans of World War II.

The Projected Increases in Both Nursing Care and Domiciliary Veteran Residents At the Soldiers Home Could Be Accommodated in Existing Bed Space, But Additional Improvements May Be Needed

As the following table shows, the number of beds currently available at the Soldiers Home is adequate to accommodate the projected increase in veterans in the nursing care facility by 1990. The number of available beds is more than adequate to provide space for the projected additional veterans in domiciliary beds by 1995.

	<u>Current Capacity</u>	<u>Number of Residents</u>	<u>Available Beds</u>	<u>Projected Increase in No. of Veterans</u>
Nursing Care Beds	88	71	17	8 ¹
Dormitory Beds	227	116	111	58 ²
Cottages	90 ³	64	26	
Total	<u>405</u>	<u>251</u>	<u>154</u>	<u>66</u>

- 1 From 55 in March 1985 to 63 in 1990.
- 2 From 73 in March 1985 to 131 in 1995. Domiciliary beds include dormitories and cottages.
- 3 The Soldiers Home has a total of 70 cottages that generally accommodate two persons each, but 25 of them are either being used for other purposes, need remodeling, or are scheduled for demolition.

If spouses and other non-veteran dependents continue to accompany incoming veteran residents in the same proportions as they currently do, it could become difficult to admit all of them at some future time. The Soldiers Home has already established a policy of not admitting spouses and dependents

directly to the nursing facility, in order to maintain the required 75 percent veterans occupancy there. However, the proportion of veterans required for the Home as a whole is only 51 percent. If needed, a priority system for admission to the facility as a whole could be established as well. Existing statutes and regulations for the Home would need to be reviewed at that time to determine whether changes would be required for such a system.

Many of the buildings currently in use at the Soldiers Home are quite old. They include some of the original structures built at Fort Dodge around 1867, and some capital improvements are planned. The auditors reviewed the Soldiers Home's five-year capital improvement plan to determine what changes or improvements might be needed to correct existing deficiencies or keep the buildings in serviceable condition. That review showed that the Soldiers Home plans to make about \$500,000 in capital improvements by fiscal year 1990. The major planned expenditures for capital improvements are \$214,000 for a wastewater treatment plant and \$112,000 to add a recreation and physical therapy area to Halsey Hall. These improvements are planned for fiscal year 1986. Repairs for the four years after that are primarily maintenance-oriented.

Veterans homes in states surrounding Kansas accommodate a large number of residents and are planning continued expansion.

Kansas has one veterans home with 405 beds and 251 residents. To determine how Kansas compares with neighboring states, the auditors reviewed data about veterans homes and spoke with administrators in the four surrounding states of Colorado, Oklahoma, Missouri and Nebraska. It was found that these states' homes have a large number of residents and are continuing to grow, as the table below indicates. However, that growth appears to be stimulated by factors which are not generally applicable to Kansas.

Several states cite their provision of skilled nursing care, which is not readily available in the private sector, as a major factor contributing to planned growth. New facilities are also being placed in areas of several states which do not currently have enough nursing home beds.

The higher cost of care in a private facility is also cited as an important factor influencing demand. The charge for care in all four states is based upon ability to pay, but three of the four states reviewed have no financial eligibility requirements for admission. As a result, their Veterans' homes provide an available alternative for individuals who would otherwise pay a higher cost for private care.

**Available Beds and Planned Growth
in States Surrounding Kansas**

State	Number of Facilities	Number of Beds	Planned Increase in Beds
Colorado	2	280	100
Oklahoma	5	1,072	350
Missouri	2	363	150
Nebraska	4	922	50

Buildings are well maintained, but are not in full compliance with State fire safety requirements. During their visit to Fort Dodge, the auditors noted that the buildings were generally clean and well-maintained, despite their age. They also spoke with staff of the State Fire Marshal's Office and reviewed recent inspection reports to determine whether the Soldiers Home was in compliance with requirements enforced by that Office. Their review showed that all patient residences other than the cottages had deficiencies in one or more areas in 1981, and most of those deficiencies have not been corrected. For example, sprinkler systems and solid-core doors were needed in the nursing facility and three of the five dormitories.

According to the 1981 inspection report, these deficiencies were not critical in nature. It was recommended that they be corrected as funds became available. The auditors' review of the 1984 inspection report showed that smoke detectors have been installed as recommended. Additional improvements have been made which conform to the life safety requirements for Veterans Administration facilities, but they do not meet State requirements.

In sum, the auditors found that major expenditures are not anticipated in order to maintain Soldiers Home facilities in their present condition. However, those facilities do not fully meet State fire safety standards. In addition, as mentioned in the preceding section of this report, a review of the licensure of the Soldiers Home facilities is needed. It is probable that changes in the physical plant would be required in order to obtain any additional levels of licensure, and it is possible that some of those changes would be substantial and, therefore, costly.

A Higher Percentage of Veteran Residents, Combined With Higher Occupancy Rates, Would Have a Favorable Effect on the State's Costs

To determine how the projected increase in the number of veterans at the Soldiers Home might be funded, the auditors reviewed the current sources of revenue for the Home's operation. Funds for its operation primarily come from resident fees, Veterans Administration reimbursements, and State General Fund allocations.

All three sources of funds should continue to be available in the future. Assessments of resident fees and appropriations of State General Funds are controlled by the State. In addition, the Veterans Administration is expected to continue its program of subsidizing State veterans' homes because that program is far less costly than the available alternatives for providing long-term care.

To analyze the potential funding impact of the projected changes in the Home's population, the auditors examined trends in expenditures and fee fund revenues over the past five years. They also compared the current costs and sources of funding for domiciliary and nursing care. That comparison is shown in Appendix B.

Their analysis indicated that veterans generally have higher incomes and pay higher fees than their spouses and dependents. These resident fees, combined with Veterans Administration reimbursements for an increasing percentage of the Home's residents, can significantly reduce the State's cost per day of care provided. As a result, State General Fund expenditures to support the Home will probably not need to increase in direct proportion to the number of residents, if the same level of services is maintained. However, as noted in earlier sections of this report, the Home's dormitory residents are getting older and their needs for care are increasing. Some of them may not be receiving the level of care they currently need, and the trend toward increased care needs in this group seems likely to continue into the future. If changes are made in the Home's operation to increase the level of care and services provided, they will also increase the State's cost.

The State Has Several Alternatives to Consider Regarding the Future of the Soldiers Home

To provide greater assurances that residents' needs are fully met, both now and in the future, changes in policies relating to the Home and the type of care it provides have to be considered. As discussed in an earlier section of this report, this could include having the Departments of Health and Environment and Social and Rehabilitation Services review the current operation of the

facility, its staffing, and the needs of residents, and recommend appropriate levels of licensure or placement of residents. Meeting different licensure requirements could mean increasing State expenditures to renovate facilities. Some savings could be incurred through out-placement of residents to Medicaid facilities.

A second alternative is to allow the Soldiers Home to continue to operate as it has in the past. Increased numbers of veterans can apparently be accommodated in the existing facilities, although less room may be available for spouses and dependents at some point in the future. Residents whose needs cannot be met within existing available resources would need to be placed elsewhere. The resulting changes in the resident population would probably have a favorable effect on the State's cost per day of care.

A third alternative is to close part or all of the facility. The Soldiers Home is primarily serving a regional population. The nursing facility has never been full, and it serves only a small percentage of Kansas veterans who are in nursing homes. Most Kansas veterans clearly prefer to obtain nursing care in community nursing homes. In addition, the dormitory and cottage populations are changing or decreasing. More community-based alternatives are available to meet their needs. And making increased use of community-based alternatives may be less costly than increasing the levels of licensure, staffing, and care provided at the Soldiers Home.

Whatever long-term choices are made, the Legislature should consider moving the Soldiers Home to the Department of Social and Rehabilitation Services. The Soldiers Home is the only State-subsidized nursing and domiciliary-care facility outside the supervision of the Department of Social and Rehabilitation Services. It is essentially a social service agency for disabled wartime veterans which provides institutional and residential long-term care services that are otherwise provided to needy Kansans through that Department.

Moving the Soldiers Home to the Department of Social and Rehabilitation Services would appear to have several advantages. That Department has staff expertise in the types of care provided at the Soldiers Home, and it has knowledge of alternative resources. In addition, it has an established structure for institutional management.

To provide the Secretary of Social and Rehabilitation Services with increased authority for management and oversight of the Home's operations, statutes could be revised to make the Veterans Commission subordinate to the Secretary, or to make it an advisory body similar to the existing Advisory Commission on Mental Health and Retardation Services. The Veterans Commission could retain its authority over the Executive Director and the operations of its field staff, and those entities could either remain in the Department of Human Resources or be moved as well.

Recommendations

1. The Legislature should consider the available options regarding the future of the Soldiers Home and the type and level of care it should be providing. Although other options are possible, those discussed in this report include the following:
 - directing the Departments of Health and Environment and Social and Rehabilitation Services to review the operations of the Soldiers Home and the needs of its residents and to recommend the appropriate level of licensure
 - allowing the Soldiers Home to continue to operate as it has in the past. The Home should consider moving residents whose needs it cannot meet to other State-licensed facilities.
 - closing all or part of the Soldiers Home. Current residents who need care would be transferred to other State-licensed facilities.
2. Whatever long-term choices are made, the Legislature should consider moving the Soldiers Home to the Department of Social and Rehabilitation Services.

APPENDIX A

Funding Considerations For Accommodating Unmet or Increasing Care Needs of Soldiers Home Residents

Dormitory residents at the Soldiers Home are getting older and need increased levels of care. Some of them may not be receiving the level of care they currently need, and the trend toward increased care needs in this group seems likely to continue into the future. This report explores several ways to provide for those increased care needs:

- The Soldiers Home could consolidate into one dormitory those residents who need more care, and provide increased staffing levels.
- If such a consolidation takes place, the Soldiers Home could make the necessary renovations and improvements to have that dormitory licensed as an intermediate care facility and certified as a Title XIX (Medicaid) facility.
- Non-veteran dormitory residents who need nursing care and cannot be accommodated in the existing nursing facility at Halsey Hall could be transferred to a currently licensed adult care home.

Consolidating residents into one dormitory and increasing staffing levels.

In the Soldiers Home's budget requested for fiscal year 1986, five additional hospital attendants were requested. The purpose of the request was to increase staffing levels in Walt Hall, a dormitory with a capacity of 35 residents that was the Home's original hospital building, so that residents who need more care could be accommodated there. Approximately \$100,000 was requested for this purpose. If the facility were kept full, the additional staff would increase the cost of operation by almost \$8 per day for care, or to about \$36.

The State would bear the full cost of this additional staffing initially. Since resident charges are based on daily costs for the prior year of operation, those charges would increase during the second year of operation for residents with high enough incomes to accommodate an increase. However, since the average income per resident in the dormitories is under \$400, increased revenues from this source could be minor.

Consolidating residents and obtaining increased licensure and Medicaid certification. Increasing staffing alone at one of the Home's dormitories for needier residents could put the State in the position of operating an unlicensed intermediate care facility. Additionally, having the dormitory licensed would have the advantage of increasing the reimbursement received for Veterans Administration-reimbursed residents in that dormitory from \$7.30, the rate paid for domiciliary care, to \$17.05, the rate for nursing care. Increased Veterans Administration reimbursements for 36 percent of the residents (the current average in the domiciliaries), could be as much as \$45,000 if the intermediate care facility remained full. This would offset much of the State's additional cost for care. However, the State would bear the expense of making the renovations and improvements that would be required to obtain licensure. Veterans Administration grants would not be a viable source of funds because of

the low percentage of veterans who need to be accommodated. Additionally, other increases in staffing and services could be required in order to obtain licensure. Those additions would further increase the cost per day of care, but they would not affect Veterans Administration reimbursements, and would probably have an insignificant effect on resident charges.

If a dormitory is licensed as an intermediate care facility, the State may want to consider having it certified for Medicaid eligibility as well. This would have the advantage of obtaining federal financial participation in 50 percent of the eligible costs not covered by residents or the Veterans Administration. Although the requirements for Medicaid certification are not terribly different from the State's licensure requirements, obtaining that certification could present additional problems. The State's Medicaid plan would have to be amended, the Soldier's Home accounting system would need to be modified, and the treatment of resident income and resources would probably have to be changed. However, if Medicaid eligibility were secured, the Home's rate were established at \$36 per day, and other sources of revenue remained as shown above, the State would receive about \$27,000 from this source.

Moving residents to existing intermediate care facilities. The Soldiers Home's daily care cost of \$28 in the dormitories is low in comparison to the cost in the Halsey Hall nursing facility. However, it is only slightly less than the average State rate of about \$29 that is currently paid to intermediate care facilities for the care of Title XIX (Medicaid) residents. If residents were moved to existing intermediate care facilities, Veterans Administration reimbursement for their care would no longer be available. However, residents would pay slightly more for their own care because of differences in the treatment of income, and the State's share would be reduced because of federal financial participation. If 35 residents--the maximum number that could be served in Walt Hall--were moved to existing intermediate care facilities instead, the State would pay a daily average of \$10 for their care, compared to the current average of \$17.25 for dormitory residents. An annual savings of approximately \$90,000 would result.

APPENDIX B

Comparison of Costs and Funding for Nursing and Domiciliary Care

To determine how costs and funding sources differ between the Home's nursing care and domiciliary facilities, the auditors used information from the Home's most recent quarterly report to the Veterans Administration and collected additional information from the Home on resident fees charged for March 1985. They combined those pieces of information to prepare the comparison of costs, sources of funding, and costs per patient day for the composite 92-day quarter shown below.

Comparison of Costs Per Day of Care Composite Quarter

<u>Costs</u>	<u>Domiciliary Care(1)</u>	<u>Nursing Care</u>	<u>Total</u>
Salaries and Wages	\$ 298,864.31	\$ 211,953.65	\$ 510,817.96
General Operating Expenses	153,337.33	82,566.25	235,903.58
Total	<u>\$ 452,201.64</u>	<u>\$ 294,519.90</u>	<u>\$ 746,721.54</u>
 <u>Fee Fund Charges</u>			
Residents	\$ 131,302.20	\$ 158,398.77	\$ 289,700.97
Veterans Administration	42,267.00	81,874.10	124,141.10
Total	<u>\$ 173,569.20</u>	<u>\$ 240,272.87</u>	<u>\$ 413,842.07</u>
 <u>Difference Between Charges and Costs(2)</u>			
	\$ 278,632.44	\$ 54,247.03	\$ 332,879.47
 <u>Days of Care</u>			
	16,148.00	6,568.00	22,716.00
 <u>Cost Per Day of Care</u>			
To Residents	\$ 8.13	\$ 24.11	\$ 12.76
To Veterans Admin.(3)	2.62	12.47	5.46
To State	17.25	8.26	14.65
Total	<u>\$ 28.00</u>	<u>\$ 44.84</u>	<u>\$ 32.87</u>
 <u>Percentage Veteran Days of Care</u>			
	36%	73%	47%
 <u>Average Resident Income</u>			
	\$ 396.00	\$ 840.00	\$ 521.00

- (1) Includes dormitories and cottages.
- (2) Over time, this difference will be covered by State General Funds.
- (3) Spreads reimbursement of \$7.30 a day for 63 domiciliary residents and \$17.05 a day for 52 nursing care residents over all residents.

As the table shows, the cost per patient day in the nursing facility is substantially higher than in the dormitories and cottages. That occurs primarily because 41.5 percent of the Home's total salaries and wages and 35 percent of its total operating costs are allocated to the nursing facility, which had only about 29 percent of the resident days.

Despite the overall higher daily cost of the nursing facility, the daily cost of its operation to the State is less than for the dormitories and cottages. This occurs for three reasons. First, the average income of nursing facility residents is higher, so they pay a larger portion of their cost of care. Second, a higher percentage of nursing facility patient days are reimbursed by the Veterans Administration--73 percent, compared to 36 percent for the dormitories and cottages. Third, the Veterans Administration pays at a higher rate for nursing care than for domiciliary care--\$17.05 a day, compared to \$7.30 a day.

As the table shows, when resident income and charges are higher and increased reimbursements are available from the Veterans Administration, the State's costs per day of care are lower. This has direct implications for the future funding of the Soldiers Home. It means that if residents' incomes increase faster than the costs of operating the Soldiers Home, the State will pay less. If they do not, the State's cost per day of care will rise. The same is true for resident reimbursements from the Veterans Administration. However, the State's costs per day of care will also decrease as the percentage of veterans in the facility increases, particularly if those veterans are receiving nursing care.

APPENDIX C

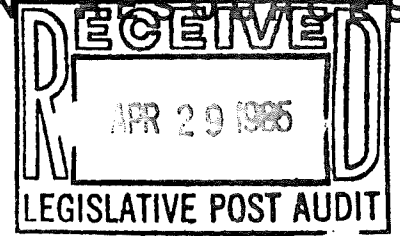
Agency Responses

John Carlin, Governor

Larry E. Wolgast, Secretary

DEPARTMENT OF HUMAN RESOURCES

OFFICE OF THE SECRETARY
401 Topeka Ave.
Topeka, Kansas 66603
(913) 296-7474



April 29, 1985

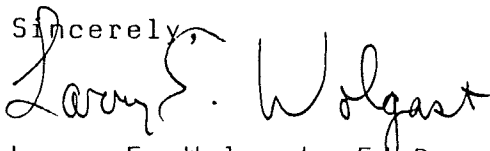
Meredith Williams
Legislative Post Auditor
Legislative Division of Post Audit
109 West 9th, Suite 301
Mills Building
Topeka, Kansas 66612

Dear Auditor Williams:

Thank you for the opportunity to review the performance audit on the Kansas Soldiers Home. After reviewing the document, it is my conclusion that the manner in which the Department of Human Resources responds to this audit will have a significant impact on the future relations with the Soldiers Home and will significantly determine the future direction of the home itself.

Therefore, I feel it is essential a response to this report be coordinated with the Governors' office and the Kansas Veterans Commission. I look forward to thoroughly reviewing the recommendations of the audit and responding to them.

I do not find any comments or statements within the document that I believe are incorrect or inaccurate. I will be looking forward to participating in the presentation to the Legislative Post Audit Committee.

Sincerely,

Larry E. Wolgast, Ed.D.
Secretary of Human Resources

LEW:rk

cc: Governor John Carlin
Jerry Abbott
Stan Teasley



STATE OF KANSAS

JOHN CARLIN, GOVERNOR

STATE DEPARTMENT OF SOCIAL AND REHABILITATION SERVICES

April 24, 1985

ROBERT C. HARDER, SECRETARY

STATE OFFICE BUILDING
TOPEKA, KANSAS 66612

Meredith Williams
Legislative Post Auditor
Legislative Division of Post Audit
Mills Building
Topeka, Kansas 66612



Dear Meredith:

This letter is in response to the draft audit of the Kansas Soldiers Home.

In relation to the recommendations on Page 21, as we have the resources to do so, SRS would make staff available in trying to upgrade the services provided at the Soldiers Home. If there is a move in this direction, we suggest a Central Office meeting to get all of the pieces put together before making any kind of approach to the Soldiers Home. We need to sort out the various pieces of the job in the interest of making the best possible use of the staff.

If a study is done leading toward the possibility of transferring the Soldiers Home to SRS, we would be interested in being involved in the study. We can see the advisability of making such a move. We are not looking for additional work to do at the present time. However, in that we are the state agency involved in institutional programs, it would appear that there is a certain appropriateness about shifting the total operation to SRS.

We are available to explore any additional options as appropriate.

Sincerely yours,

Robert C. Harder
Secretary

mo

cc: Barb Hinton
Trudy Racine

4941E

Statement by Charles M. Yunker
American Legion State Adjutant
in support of House Bill 2793
made before the
Senate Governmental Organization Committee
March 25, 1986

Thank you for allowing me to testify before you this afternoon in support of House Bill 2793, an act which would restore the Kansas Veterans Commission as an independent state agency with supervisory control over the Kansas Soldiers Home at Fort Dodge.

The American Legion opposed the placing of the KVC and Soldiers Home in the Department of Human Resources in 1976 and we continue to oppose its existence within a large agency whose primary function is employment services. The Kansas Veterans Commission and Soldiers Home mission is in no way related to that of DHR's. It was not in 1976 and remains as such in 1986.

During the past ten years the KVC has lost its identity within DHR to the extent that the majority of Kansas veterans and their families no longer realize our state offers services to them in gaining their earned Federal benefits. Yet no other agency in this state can match the return ratio of dollars spent to benefits gained to the Kansas economy.

These benefits have been earned by Kansas veterans through their service to this nation during its time of need and are pumped directly into this state's economy. In light of the budget crunch and cut backs in Washington, D.C., Kansas veterans need a strong voice to not only gain new earned benefits but a strong voice is needed to maintain what Kansas veterans are receiving now. This can be accomplished by granting the KVC and Soldiers Home independent agency status.

The overwhelming support HB 2793 received in the House speaks well of Kansas' commitment to its veterans. We now ask for this Committee's endorsement in the most expedient manner and urges passage by the full Senate as quickly as possible.

Thank you.

Respectfully submitted,
Charles M. Yunker
Charles M. Yunker
Kansas American Legion State Adjutant

LEGISLATIVE COMMITTEE
KANSAS VETERANS' COMMISSION - FORT DODGE SOLDIERS HOME
H.B. - 2793

MR. CHAIRMAN:

IT IS INDEED MY PLEASURE TO APPEAR BEFORE THIS COMMITTEE AND EXPRESS THE VIEWS OF THE V.F.W. AND ITS CONCERN AND INTEREST IN H.B. 2793.

MR. CHAIRMAN, MY NAME IS BARNEY ALDRIDGE, STATE ADJUTANT OF THE VETERANS OF FOREIGN WARS, DEPARTMENT OF KANSAS.

H.B. 2793 RELATES TO KANSAS VETERANS AND CONCERNS "THE KANSAS VETERANS' COMMISSION" AND THE KANSAS SOLDIERS HOME AT FORT DODGE.

H.B. 2793 WOULD RE-ESTABLISH AS AN INDEPENDENT AGENCY, THE KANSAS VETERANS' COMMISSION, WITH SUPERVISION OVER THE SOLDIERS HOME AT FORT DODGE.

THE 290,000 VETERANS OF KANSAS WANT TO BE REMEMBERED AS INDIVIDUAL VETERANS AND NOT MERELY AS NUMBERS IN A HUGE STATE AND FEDERAL BUREAUCRATIC OPERATION.

SERVICE TO VETERANS IS OUR MOTTO AND SERVICE TO VETERANS IS OUR ONLY PRODUCT, AND SERVICE TO THE VETERANS OF KANSAS AND THEIR FAMILIES CAN ONLY BE ACCOMPLISHED THROUGH A JOINT EFFORT BY THE VETERANS ORGANIZATIONS OF KANSAS AND THE INDEPENDENT "VETERAN COMMISSION OF KANSAS".

ATTACHED YOU WILL FIND RESOLUTION #51 THAT WAS APPROVED BY THE 65TH ANNUAL V.F.W. CONVENTION HELD LAST JUNE AT GREAT BEND, KANSAS.

THE VETERANS OF FOREIGN WARS, DEPARTMENT OF KANSAS, ITS 45,000 MEMBERS AND 25,000 AUXILIARY MEMBERS CERTAINLY SUPPORT H.B. 2793 AND WOULD APPRECIATE THIS COMMITTEE'S CONSIDERATION AND APPROVAL OF THAT BILL.

AGAIN, MR. CHAIRMAN, IT HAS BEEN OUR PLEASURE TO APPEAR BEFORE THIS COMMITTEE AND WE THANK YOU FOR ALLOWING US TO SHOW OUR SUPPORT AND CONCERNS OF THE KANSAS VETERANS' COMMISSION AND THE KANSAS VETERANS THEY SERVE.

THANK YOU.

REMOVAL OF THE KANSAS VETERANS' COMMISSION
FROM THE KANSAS DEPARTMENT OF HUMAN RESOURCES

WHEREAS, the Kansas Veterans' Commission provides vital services and assistance to the 290,000 Kansas veterans, their widows and dependents; and

WHEREAS, the Kansas Veterans' Commission budget was presented to the Legislature individually prior to 1976, and now is included with the Kansas Department of Human Resources, which received the largest percentage of its funding from Federal sources to operate Federal programs; and

WHEREAS, the Kansas Veterans' Commission budget, representing one-half of one percent of the Kansas Department of Human Resources 206.5 million dollar budget, does not receive proper consideration and

WHEREAS, the Secretary of the Department of Human Resources is the appointing authority for the Kansas Veterans' Commission, therefore, members of the Kansas Veterans' Commission have little input into personnel matters; therefore

BE IT RESOLVED, that the Department of Kansas, Veterans of Foreign Wars of the United States, requests the Kansas Legislature to remove the Kansas Veterans' Commission from the Department of Human Resources jurisdiction, restoring the Kansas Veterans' Commission as an independent State agency; and

BE IT FURTHER RESOLVED, that a copy of this resolution be distributed as necessary to State Officials and other interested parties.

Submitted by Department Quartermaster Barney M. Aldridge

Committee Assigned LEGISLATIVE
Committee Action APPROVED
Convention Action APPROVED

Statement of
JOHN HILL, LEGISLATIVE CHAIRMAN, KANSAS DISABLED AMERICAN VETERANS

before the
THE SENATE COMMITTEE ON GOVERNMENTAL ORGANIZATION
Tuesday, March 25, 1986

HOUSE BILL 2793

Mr. Chairman, Members of the Committee:

I am John Hill, Kansas legislative chairman of the Disabled American Veterans.

From the outset, I feel it is imperative that this committee and the Legislature examine a very basic issue of vital concern to the veterans of Kansas. The issue is the degree of support the State of Kansas is willing to provide in assistance to our Kansas veterans. Although it may be unnecessary to state this today, we are discussing an issue that relates to a very special segment of our society - The Kansas Veteran.

We are here today seeking support for H.B. 2793 which would allow the Kansas Veterans Commission and the Kansas Soldiers Home to be an independent agency. These agencies affect the lives of countless individuals across this state. Those individuals, who sacrificed much, allow all of us here today to enjoy many freedoms. One of those freedoms is epitomized today by virtue of the fact that we are participating in the democratic process. I would hasten to ask you to consider what type of process we would be experiencing had it not been for the dedication and sacrifice of our veterans. There is no question in my mind and I hope yours that we are discussing an issue, the outcome of which will clearly indicate the State of Kansas's attitude toward a segment of our society whose sacrifice and dedication to this country and state are unparalleled.

In that vain let us examine some of the specific rational for supporting H.B. 2793. Beyond the philosophical justification for allowing this agency to stand independent, there are some very important practical aspects to consider. Not only does the KVC provide an important human benefit to the veterans of Kansas, this agency provides a significant benefit to the economy of the State. In FY 1985, the KVC was responsible for assisting Kansas citizens in obtaining over 25 million new dollars, and I repeat new, in Veteran Administration benefits.

An influx of 25 million dollars into the Kansas economy is certainly relevant in light of the hard times this state is facing. Many of the clientele this agency serves would be on state general assistance programs if they were not receiving V.A. benefits. One only needs to examine SRS's budget to quickly determine that SRS can ill afford to accommodate this group of needy individuals. The Kansas Soldiers Home provides excellent care for a number of Kansas citizens at a relatively small cost. In fact the KSH is providing more intensive care for a greater number of individuals currently for less state dollars than the Home did in FY 1982. This clearly indicates that the debate over the future of these two agencies is more than a philosophical question. It is an economic issue.

One of the most discussed points I have heard regarding H.B. 2793 has been the issue of the trend in state government to consolidate. There is no question that over the last decade the trend has been to consolidate or centralize more agencies for the expressed purpose of efficiency. That was the basic rationale given when the KVC was placed under the Department of Human Resources in 1976. Personally, I feel that there are cases in which consolidation makes sense and has merit. However, the consolidation of the KVC and the KSH into the Department of Human Resources was not one of those cases.

First, there was absolutely no logic in the placement of the Kansas Soldiers Home under the authority of DHR. The Department of Human Resources unquestionably is the state agency with the primary responsibility of administering federal programs dealing with employment, training and unemployment insurance. No other state institutions other than the KSH are assigned to the DHR; consequently and rightfully so, the department's bureaucratic structure is arranged to meet the demands of complying with federal mandates - not with the needs of a state institution like the Kansas Soldiers Home.

While we are on this subject, I want to clearly express our very strong opposition to the placement of the KSH under the authority of SRS as the Legislative Post Audit recommends. Although the institutions under the authority of SRS and the Kansas Soldiers Home are similar in some respects, there are significant differences. SRS institutions, which are mental hospitals, operate under a completely different set of criteria, licensure, and primary sources of funding than the Kansas Soldiers Home. Placement of the KSH under SRS would in time most likely result in the loss of the unique mission the KSH possess. Moreover, the services the KSH provides is an earned benefit and would be misplaced in an agency which primarily deals with welfare. Finally, it appears that SRS has its hands full in trying to cope with the challenges it now faces and is ill equipped to assume new responsibilities. From the veterans organization's standpoint, the placement of the KSH under the authority of SRS by the Legislature would be intolerable.

Because the DHR is predominately federally funded, we question the desirability of the KVC being a part of this department. With a bureaucratic structure designed to administer federal programs, the placement of the state-funded KVC under the control of DHR presents serious questions. We believe there was no adequate rationale for placing the KVC in the DHR in 1976 and seriously question whether such a rationale exists today. Placing the KVC in DHR in 1976 was a measure to consolidate for the sake of being able to claim fewer independent agencies existed in state government. I challenge the premise that somehow fewer translate into better.

While we are on the question of efficiency, it is interesting to note that the fiscal note prepared for H.B. 2793 indicates that the DHR expects to expend approximately \$36,000 of state funds in FY 1986 to administer the KVC, a decrease of approximately \$17,000 from the year before. However, the first year cost for an independent KVC is about \$43,346. Included in that amount is a one time expenditure of \$5,000 for computer equipment, a questionable expenditure of \$6,000 for new office space and over \$27,000 for a new position and travel which was requested for the next fiscal year for the agency by the DHR. It is clear that H.B. 2793 will not result in a substantial increase in cost to the State of Kansas. Most importantly, is the Legislature going to quibble over the cost when there is a more important question at stake? The veterans of this State deserve to have a separate state agency which has the sole objective of providing service to Kansas veterans and dependents.

Another factor which must be taken into account regarding H.B. 2793 is the future level of funding for federal programs. This factor is very relevant as it will affect the KVC in a variety of ways. First, it is anticipated that the Department of Human Resources will be faced with significant federal cuts over the next several fiscal years. The DHR is, for all practical purposes, a federally funded department. Future federal cuts will have a tremendous impact upon the operation of this important department. Why should the KVC, a state-funded program, be subjected to operate within a department which will be forced to focus on developing methods to cope with declining funding?

Reduced federal funds will also result in a decline in the ability of the Veterans Administration to provide assistance to Kansas Veterans. This will consequently increase the need for the KVC to be in a position to respond to the new demands to provide additional assistance to Kansas Veterans, if this State wishes to ensure its veterans receive their earned benefits. The decrease in Veteran Administration staff comes at a critical time for aging World War II Veterans. The average age of WW II veterans is 65 and projections show that 3 out of every 4 living males over the age of 65 in 1990 will be veterans. At this juncture of their lives they will be in the most need of V.A. benefits. Lastly, as federal program are eliminated there will be a resulting increase in the demand for V.A. services.

These thoughts highlight why it is critical for the KVC to be an independent agency. We need an independent agency which has the sole objective and mission to provide service to Kansas veterans, unhampered, at this critical time, by attempting to operate in a department which must cope with major funding problems.

Some have suggested that this issue may need additional study. The KVC underwent a performance audit three years ago, has undergone sunset review in 1984 and 1985, and the Kansas Soldiers Home had a complete audit done this last year. I come before you today asking for action, not more study.

H.B. 2793 will restore the KVC to a status it had prior to 1976. When this agency was created back in the early 50's, a commitment was made that the veterans of this state could have a strong KVC in lieu of a veteran bonus. I understand you are not bound by the actions of past Legislatures. However, you do have the opportunity to demonstrate your support of veterans by voting in favor of H.B. 2793.

As an independent agency, we understand that the KVC and the KSH may receive more scrutiny. We welcome it. With independent status for the KVC, we expect that the agency will receive the budgetary and legislative consideration it deserves.

The Governor, Lt. Governor, Attorney General, and 103 members of the Kansas Legislature have indicated their support for this bill. I respectfully request that this committee quickly recommend passage.

Thank you for this opportunity to testify.

DISABLED AMERICAN VETERANS

Department of Kansas

Common Questions Concerning The Kansas Veterans Commission and The Kansas Soldiers Home

What Is The Kansas Veterans Commission?

The Kansas Veterans Commission is a State funded agency established in 1952 to provide free assistance to Kansas Veterans, their widows and dependents, to obtain veterans' benefits. This assistance provided over twenty-four million dollars in new, first year benefits to Kansas Citizens in 1985. The cost for operating the Kansas Veterans Commission for the same period was 1.2 million dollars.

The Kansas Veterans Commission provides assistance through fifteen field service offices in Kansas. Assistance is also provided in each of the three Veterans Administration Medical Centers, in offices operated jointly with The American Legion, the Disabled American Veterans, or the Veterans of Foreign Wars.

What Is the Kansas Soldiers Home?

The Kansas Soldiers Home is located on the site of the original Fort Dodge US Army Post. The land was deeded to the State of Kansas in 1889 to be used for a soldiers home. The first admission to the new Kansas Soldiers Home was on February 7, 1890. The Kansas Soldiers Home has been in continuous operation, serving the veterans of Kansas, since then.

The Home offers two types of care; dormitory and nursing home care. The dormitory section consists of five residence halls. Twenty-four hour semi-professional nursing care is provided in these halls. Seventy-five cottage units may be assigned to a veteran and spouse if they are able to care for themselves. The Home can care for 312 members in the dormitory section.

The nursing care section is an eighty-eight bed facility which provides total nursing care. A physician is available on a part-time basis, and is on call for emergencies. The nursing care section is the newest addition to the home. It was completed in 1970.

To be eligible for admission to the Home a veteran must:

1. Be a Kansas resident for two years immediately prior to application.
2. Be an honorably discharged veteran of wartime service.
3. Be in need and unable to afford the type of care provided.

All members of the Home are expected to pay for their care in accordance with their ability to pay. Payment limits based on the amount of available income are established so that adequate comfort money is available to the member.

Dependents of wartime veterans may be admitted to the dormitory section. Only veterans may be admitted to the nursing section.

How Is the Kansas Veterans Commission and the Kansas Soldiers Home Administered?

The Kansas Veterans Commission was originally established as an independent agency, supervised by a committee of three veterans appointed by the Governor. The Executive Director, appointed by the commission, actually operated the agency. The Kansas Soldiers was, and is, operated by a Superintendent who reports to the Executive Director.

Currently, since 1976, the three person commission is appointed by the Governor. However, the Executive Director services at the pleasure of the Secretary of the Department of Human Resources. The commission has no direct role in the operation of the Kansas Veterans Commission, but still exercises some control over the Soldiers Home as they must approve admissions.

Why Are the Veterans Organizations of Kansas Attempting to Re-Establish the Kansas Veterans Commission and the Soldiers Home as an Independent Agency?

1. The Kansas Veterans Commission, with the Kansas Soldiers Home, was an independent agency for over twenty years prior to 1976. They were included in a newly

created Kansas Department of Human Resources by Executive Order of the Governor in 1976. The reason for the move has never been fully understood, as the Kansas Veterans Commission and Soldiers Home functioned quite effectively as an independent agency. The main reason stated at the time of the Executive order was "cost savings." It must be noted that the overhead costs (costs over and above actual operating expenses) assessed the Kansas Veterans Commission, by the Kansas Department of Human Resources, last year, was over \$53,000.

2. The Kansas Veterans Commission and Soldiers Home are "lost" in the Kansas Department of Human Resources. The department is a very large agency with a budget of nearly 200 million dollars and over 1000 employees. The Kansas Veterans Commission, with a budget of only 1.2 million dollars and 58 employees makes up only one-half of one percent of the Kansas Department Resources' vast budget. Due to its small size the Kansas Veterans Commission and Soldiers Home budget doesn't receive the sufficient attention during the budget review and approval process, or from the Kansas Legislature when it reviews and passes the annual budget.

3. Since inclusion in the Kansas Department of Human Resources the three member commission has been removed from control of the Kansas Veterans Commission's operations. The Executive Director is appointed by the Secretary of Human Resources, not the commission. The commission has no control over personnel matters. Since inclusion, the Kansas Department of Human Resources determines who is eligible for open position, and, on several occasions, forced the Kansas Veterans Commission to accept personnel who were reassigned from other Human Resources departments due to fund shortages in those departments. Some of their transfers have been less than satisfactory.

4. The cost of being a part of the Kansas Department of Human Resources is excessive. All agencies of the department are assessed a portion of the department administrative costs. These costs include a portion of the salary of the Secretary of Human Resources and the three Assistant Secretaries, a large legal department, a very large data processing department, a large management analysis department, a personnel department, fiscal department, training department, public information department, maintenance department, mail room, clerical pools, etc., etc. Other than personnel and very limited data processing, the Kansas Veterans Commission does not use these services, which, never the less, used or not, the Kansas Veterans Commission must pay. These overhead costs amounted to over \$53,000 in the year that ended June 30, 1985.

5. A review of the Kansas Soldiers Home, by the Legislative Post Audit Department, in 1985, made three recommendations to the Kansas Legislature.

- (1) Continue the Kansas Soldiers Home as it is today.
- (2) Close the Home and transfer the members to private nursing homes over the state.
- (3) Remove the Home from the control of the Kansas Department of Human Resources and transfer the operation of the Home to the Kansas Department of Social and Rehabilitation Services (welfare department).

We believe that the 298,000 Kansas Veterans, their Widows and dependents, must be served by an agency that is responsive to, and understands their special needs. The Kansas Veterans Commission, as a part of the Kansas Department of Human Resources, is meeting the needs of this special group, with difficulty, at this time. We believe that the Kansas Veterans Commission's ability to meet these needs in the future is in jeopardy, as a part of the Kansas Department of Human Resources.

The State Conventions of The American Legion, the Disabled American Veterans and the Veterans of Foreign Wars have mandated, that their membership spare no effort, in assuring that the Kansas Veterans Commission and Soldiers Home become independent again. Therefore, we ask you to join with many other Kansas Veterans to insure that our Kansas Veterans Commission and Soldiers Home are ready and able to serve our needs.

October 1985
JAH