

State of Washington
Recommendation Summary

3:38:15PM

10/24/2016

Agency: 305 Department of Veterans Affairs

Dollars in Thousands

	FY2 FTEs	General Fund State	Other Funds	Total Funds
2015-17 Current Biennium Total	844.4	16,956	119,315	136,271
Total Carry Forward Level	844.4	16,956	119,315	136,271
Percent Change from Current Biennium				
Carry Forward plus Workload Changes	844.4	16,956	119,315	136,271
Percent Change from Current Biennium				
M2 WW Walla Walla Veterans Home Adjustmen		924		924
Total Maintenance Level	844.4	17,880	119,315	137,195
Percent Change from Current Biennium		5.4%		.7%
Subtotal - Performance Level Changes	0.0			
2015-17 Total Proposed Budget	844.4	17,880	119,315	137,195
Percent Change from Current Biennium		5.4%		.7%

M2 WW Walla Walla Veterans Home Adjustmen

The Washington State Department of Veterans Affairs (WDVA) requests \$924,000 General Fund-State in the 2017 supplemental to cover the expenses incurred during the first four months of operation of the new Walla Walla Veterans Home (WWVH). From a revenue billing process standpoint, WWVH will not be able to earn and receive revenues at least until after the third month of operation, assuming WWVH receives its Medicaid and Federal Veterans Administration reimbursement award letters timely and all the billings are submitted without technical issues or denials. At the beginning of the biennium, the intent, as part of the original revenue projection for all of the agency's Veteran's Homes, was to earn enough excess revenue to fund the initial months of operation for WWVH until such time the WWVH is able to earn on its own. However, due to challenges in meeting census projection and impacts of operational compliance issues, WDVA's most recent revenue projection indicates that the agency will not have the revenue to absorb and fund the initial expenses for WWVH.

State of Washington
Recommendation Summary

Agency: **305 Department of Veterans Affairs**

3:38:55PM

10/24/2016

Dollars in Thousands	FY2 FTEs	General Fund State	Other Funds	Total Funds
Program: 010 Administration				
2015-17 Current Biennium Total	19.9	4,472	26	4,498
Total Carry Forward Level Percent Change from Current Biennium	19.9	4,472	26	4,498
Carry Forward plus Workload Changes Percent Change from Current Biennium	19.9	4,472	26	4,498
Total Maintenance Level Percent Change from Current Biennium	19.9	4,472	26	4,498
Subtotal - Performance Level Changes	0.0			
2015-17 Total Proposed Budget Percent Change from Current Biennium	19.9	4,472	26	4,498
Program: 020 Veterans Services				
2015-17 Current Biennium Total	59.3	10,991	9,404	20,395
Total Carry Forward Level Percent Change from Current Biennium	59.3	10,991	9,404	20,395
Carry Forward plus Workload Changes Percent Change from Current Biennium	59.3	10,991	9,404	20,395
Total Maintenance Level Percent Change from Current Biennium	59.3	10,991	9,404	20,395
Subtotal - Performance Level Changes	0.0			
2015-17 Total Proposed Budget Percent Change from Current Biennium	59.3	10,991	9,404	20,395

Program: 035 Veterans Homes

2015-17 Current Biennium Total	765.2	1,493	109,885	111,378
Total Carry Forward Level	765.2	1,493	109,885	111,378
Percent Change from Current Biennium				
Carry Forward plus Workload Changes	765.2	1,493	109,885	111,378
Percent Change from Current Biennium				
M2 WW Walla Walla Veterans Home Adjustmen		924		924
Total Maintenance Level	765.2	2,417	109,885	112,302
Percent Change from Current Biennium		61.9%		.8%
Subtotal - Performance Level Changes	0.0			
2015-17 Total Proposed Budget	765.2	2,417	109,885	112,302
Percent Change from Current Biennium		61.9%		.8%

2015-17 Biennium Budget Decision Package

Agency: 305 Department of Veterans Affairs

Decision Package Code/Title: WW - Walla Walla Veterans Home Adjustment

Budget Period: 2015 – 2017 Biennium

Budget Level: ML - Maintenance level

Agency Recommendation Summary Text:

The Washington State Department of Veterans Affairs (WDVA) requests \$924,000 General Fund-State in the 2017 supplemental to cover the expenses incurred during the first four months of operation of the new Walla Walla Veterans Home (WWVH). From a revenue billing process standpoint, WWVH will not be able to earn and receive revenues at least until after the third month of operation, assuming WWVH receives its Medicaid and Federal Veterans Administration reimbursement award letters timely and all the billings are submitted without technical issues or denials. At the beginning of the biennium, the intent, as part of the original revenue projection for all of the agency's Veteran's Homes, was to earn enough excess revenue to fund the initial months of operation for WWVH until such time the WWVH is able to earn on its own. However, due to challenges in meeting census projection and impacts of operational compliance issues, WDVA's most recent revenue projection indicates that the agency will not have the revenue to absorb and fund the initial expenses for WWVH.

Fiscal Summary: Decision package total dollar and FTE cost/savings by year, by fund, for 4 years. Additional fiscal details are required below.

Operating Expenditures	FY 2016	FY 2017	FY 2018	FY 2019
Fund State 001-1		924,000	0	0
	0	0	0	0
Total Cost	0	924,000	0	0
Staffing	FY 2016	FY 2017	FY 2018	FY 2019
FTEs	0	0	0	0
Revenue	FY 2016	FY 2017	FY 2018	FY 2019
Fund Federal 001-2	0	0	0	0
Fund Local 001-7	0	0	0	0
Object of Expenditure	FY 2016	FY 2017	FY 2018	FY 2019
Obj. A	0	640,000	0	0
Obj. B	0	180,000	0	0
Obj. E	0	104,000	0	0

Package Description

WDVA currently operates three Washington veterans homes located in Port Orchard, Orting, and Spokane. WDVA's newest facility, The Walla Walla Veterans Home, is currently under construction on the campus of the Jonathan M. Wainwright Memorial VA Medical Center and is anticipated to begin accepting admission applications in early February 2017. In the long term, the Home will operate without ongoing General Fund State Appropriation and operating costs will be covered through reimbursements from Medicaid, VA Per Diem, Medicare, and local funding contributions.

In the 2013-15 biennium budget submission, WDVA projected that revenue earned from its three existing Homes would cover the first 4 months of expenses at the Walla Walla facility, while it increases its resident census population, and generates enough revenue to become self-sufficient. Unfortunately, actual total program revenue fell short by approximately 4 percent of projections, while census totals decreased by approximately 10% for the entire program. In light of this projected revenue shortfall, WDVA requests \$924,000 General Fund State to bridge the gap between the Home growing its census to generating enough revenue to cover its expenses.

Base Budget: If the proposal is an expansion or alteration of a current program or service, provide information on the resources now devoted to the program or service. Please include annual expenditures and FTEs by fund and activity (or provide working models or backup materials containing this information).

Decision Package expenditure, FTE and revenue assumptions, calculations and details: Agencies must clearly articulate the workload or policy assumptions used in calculating expenditure and revenue changes proposed.

Operating Expenditures	FY 2016	FY 2017	FY 2018	FY 2019
Fund State 001-1		0	0	0
Total Cost	0	0	0	0
Staffing	FY 2016	FY 2017	FY 2018	FY 2019
FTEs	0	0	0	0
Revenue	FY 2016	FY 2017	FY 2018	FY 2019
General Fund Federal	0	0	0	0
General Fund Local	0	0	0	0
Object of Expenditure	FY 2016	FY 2017	FY 2018	FY 2019
Obj. A	0	0	0	0
Obj. B	0	0	0	0
Obj. E	0	0	0	0

Decision Package Justification and Impacts

What specific performance outcomes does the agency expect?

The Walla Walla State Veterans Home will provide long term skilled-nursing care services to the 144,000 veterans and their families living in eastern Washington counties surrounding Walla Walla. The facility is projected to reach 50% capacity by May 2017 and be at or near maximum capacity by August 2017.

Performance Measure detail:

Fully describe and quantify expected impacts on state residents and specific populations served.

The Walla Walla State Veterans Home will not only become the only veterans home in the southeast region of the state, but will also create 100 permanent jobs. The veterans homes play a vital role in providing long-term skilled nursing care to geriatric and disabled veterans, and medically indigent veterans who, because of deteriorating physical and/or mental health and lack of family support, require care in a skilled nursing facility.

What are other important connections or impacts related to this proposal? Please complete the following table and provide detailed explanations or information below:

Impact(s) To:		Identify / Explanation
Regional/County impacts?	Yes	Identify: The new Home will provide long-term nursing home care to the 144,000 veterans and their families living in the eastern Washington counties surrounding Walla Walla.
Other local gov't impacts?	No	Identify:
Tribal gov't impacts?	No	Identify:
Other state agency impacts?	No	Identify:
Responds to specific task force, report, mandate or exec order?	No	Identify:
Does request contain a compensation change?	No	Identify:
Does request require a change to a collective bargaining agreement?	No	Identify:
Facility/workplace needs or impacts?	No	Identify:

Capital Budget Impacts?	No	Identify:
Is change required to existing statutes, rules or contracts?	No	Identify:
Is the request related to or a result of litigation?	No	Identify lawsuit (please consult with Attorney General's Office):
Is the request related to Puget Sound recovery?	No	If yes, see budget instructions Section 14.4 for additional instructions
Identify other important connections		

Please provide a detailed discussion of connections/impacts identified above.

What alternatives were explored by the agency and why was this option chosen?

WDVA considered delaying the opening date of the facility in order to allow the program more time to generate additional revenue. However, since 65% of the capital project is funded by the Federal VA, the VA mandates that the new facility admit a minimum of eight (8) residents per month immediately upon construction completion.

What are the consequences of not funding this request?

Not funding this request could directly impact the scheduled opening of the Home. This would not only impact WDVA's ability to care for more veterans, but would also hinder the 101 new jobs that the facility will create. In addition, for those indigent veterans living in community nursing homes, the State would lose significant per diem support provided by the Federal VA that are only paid to state-run veterans nursing homes.

How has or can the agency address the issue or need in its current appropriation level?

WDVA does not have the capacity to address this requirement within its current appropriation level.

Other supporting materials: Please attach or reference any other supporting materials or information that will help analysts and policymakers understand and prioritize your request.

Information technology: Does this Decision Package include funding for any IT-related costs, including hardware, software, services (including cloud-based services), contracts or IT staff?

- No 
- Yes Continue to IT Addendum below and follow the directions on the bottom of the addendum to meet requirements for OCIO review.)