



National Association of State Veterans Homes
“Caring for America’s Heroes”

TESTIMONY OF

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PRESIDENT

NATIONAL ASSOCIATION OF STATE VETERANS HOMES

AND

CHIEF EXECUTIVE OFFICER, VETERANS MEMORIAL HOME

PARAMUS, NEW JERSEY

**OVERSIGHT HEARING TO REVIEW THE PREVIOUS YEAR
AND LOOK AHEAD TO THE UPCOMING YEAR**

**COMMITTEE ON VETERANS’ AFFAIRS
HOUSE OF REPRESENTATIVES**

SEPTEMBER 21, 2006

Chairman Buyer, Ranking Democratic Member Evans and other Distinguished Members of the Committee, thank you for the opportunity given to the National Association of State Veterans Homes (NASVH) to submit testimony to the Committee on Veterans' Affairs.

Mr. Chairman, as you will recall, the budget debate last year for fiscal year 2006 was a difficult one for the State Home program, with the Administration proposing to dramatically scale back support for veterans residing in State Homes. Thanks to your leadership, and the support of this Committee, the Administration's proposals to restrict per diem payments to only a small portion of the numbers of veterans currently in our homes, and to impose a moratorium on construction grants, were soundly rejected by Congress. We are grateful that Congress spoke clearly and forcefully that this historic partnership with VA was essential to the care of veterans.

Looking back to the beginning of this year, we were relieved that the President's fiscal year 2007 VA budget did not repeat the ill-advised proposal to cut back per diem payments, and we are pleased that VA has indicated that it intends to continue its current policies of paying full per diem allowances. But we remain very concerned about the matching-grant construction program.

VA's budget for this program has grown slowly over the past 15 years in order to meet the rising demand by veterans for long term care. However, last year the State Home construction grant program was cut from \$104 million down to \$85 million, and this has threatened to undermine all of the progress made in the past decade. The Administration's recommendation for continuing this cut to \$85 million in State Home construction grants for FY 2007 is simply inadequate given the backlog of projects, many of which are vital life and safety repairs and upgrades. Fortunately, the House passed an increase to bring the total back up to \$104.3 million, and further required that no less than \$20 million be reserved exclusively for life and safety projects. To date the Senate has not acted on VA's appropriation for next fiscal year, and we remain concerned that the Senate may accept the Administration's proposed reduced funding level.

This Committee should be aware that States have presented over \$400 million in projects that are presently pending before VA. Also, a February 2006 VA survey of States documented that \$161 million will be required in life-safety projects alone over the next few years. We believe that the total backlog of all conceivable State construction projects, including increased capacity to meet rising demand in California, Texas, Florida and other States, could easily top \$1 billion. We implore Congress to strengthen this program with additional investments to ensure these projects move forward in a timely manner, rather than be backlogged for many years in that pipeline.

Mr. Chairman, at NASVH's mid-winter meeting here in Washington in March, our membership formally approved new legislation to pursue this Congress, goals that we are still working to enact before the end of this session. We would like to take this opportunity to thank the Honorable Jeb Bradley, a Member of your Committee, along with Health Subcommittee Ranking Member Michaud, who introduced legislation embodying our goals: H.R. 5671, the Veterans Long Term Care Security Act. The provisions of H.R. 5671 have already been adopted by the Senate and are supported by all the major veterans organizations, who jointly wrote you to express that support in July 2006.

Mr. Chairman, H.R. 5671 fixes several inconsistencies and anomalies in current law regarding the equitable treatment of veterans residing in State Homes. For example, there is no mechanism in current law to authorize VA to place severely service-connected veterans in State homes. As you and other Members recall, the Veterans Millennium Health and Benefits Act (Public Law 106-117) provided mandatory eligibility for nursing home care to veterans who need care for service-connected conditions and for veterans who are 70 percent or more service-connected disabled. The VA either places these veterans in its own nursing home beds in VA facilities, or in community nursing home care under VA contracts. The State facilities are never used by VA for these high priority placements, because VA cannot by law pay State home facilities the actual cost of these veterans' care. State homes provide care in our facilities at an average cost slightly over \$200 per day, about one-half of VA's in-house cost and significantly less than VA currently pays community nursing homes for the same care. We meet all of VA's standards in providing our care to veterans, including round-the-clock registered nursing, physician attendance and other requirements. We believe that VA as well as seriously

disabled service-connected veterans should have State veterans homes available as an option for placements in long-term care, and H.R. 5671 would establish this authorization.

Mr. Chairman, on a similar basis to the inequity that exists for service-connected veterans' placements in State veterans homes, in instances in which 50 percent service-connected disabled veterans are resident in our homes (several hundred service-connected veterans are in fact resident in State homes), VA provides no medication benefit to them. If a veteran is 50% disabled from a service-connected disability, by law that veteran is eligible for comprehensive VA prescription medication services as a part of "medical services" eligibility. However, that benefit does not accrue to that veteran if he or she is a resident in a State veterans home by virtue of an alleged "opinion" by VA's General Counsel. We believe this denial is unfair to veterans in our homes, and unfair to the State homes themselves that care for these service-connected veterans. H.R. 5671 would provide authorization for these veterans to participate in VA's pharmacy benefits program.

Finally, Mr. Chairman, we observe significant gaps in long term care services to veterans in remote and rural regions, including areas in Northern Idaho, the Neighbor Islands of Hawaii, Alaska, Wyoming, Montana, Kansas and other rural, remote States. Under current law, as set forth in the Millennium Act, Congress established specific criteria for authorizing construction of new State homes. It is possible under these criteria that some rural States could justify building State homes based upon statewide veteran populations. However, it would not be practical to expect elderly, disabled veterans from close-knit families in isolated villages and towns to leave their families and travel great distances for long-term care. While the construction of a given State veterans' home might solve one community's problem for aging veterans, it would not adequately address the lack of long-term care services in others in a rural State. H.R. 5671 would provide for a three-year pilot program to authorize the VA Secretary to designate, or "deem" 100 beds nationwide in pre-existing health care facilities to meet these purposes. We believe the precedent for this deeming authority was set by Congress in the State of Alaska, a matter about which we provided testimony at the Committee's February 16, 2006 hearing.

Mr. Chairman, Ranking Member Evans, and other Members the Committee, we respectfully ask this Committee to review, consider, and approve H.R. 5671, or to include those main provisions in any omnibus veterans legislation approved this year. The same provisions have already been included in the Senate-approved bill, S. 2694, which has been referred to your Committee. Millions of veterans are going to need long-term care in the years ahead and we want to be sure that the State veterans home program is there to support them as one important element of their care.

The State Home program dates back to the post-Civil War era when several States, among them including New Jersey, Kansas, Connecticut, and Ohio, established homes in which to provide domicile, shelter and care to homeless, wounded, diseased and scarred Union soldiers and sailors. In 1888 Congress first authorized federal grants-in-aid to States that maintained these homes, including a daily allowance for each veteran of twenty-seven cents (about \$100 per year per veteran). Over the years, the state home program has been expanded and refined to reflect the improvements in standards of medical practice, including the advent and refinement of nursing home, domiciliary, adult day health, and other specialized and skilled geriatric care for veterans. For example, many of our facilities offer special care units for Alzheimer's and dementia patients, a growing need in this population. Two state homes are providing adult day health care, and a number of others are developing programs in this new discipline and other emerging approaches to delivering care in less restrictive settings. We expect more change in the future.

Today, the State home program is supported in two ways by the federal government: through per diem subsidy payments that help States cover daily costs; and, matching construction grants to keep our homes up-to-date and safe for our patients and staffs. Subject to available appropriations, VA provides construction matching-grant funding for up to 65% of the cost of constructing or rehabilitating our homes, with at least 35% covered by State funding commitments. The per diem program provides reimbursement to State homes, currently \$63.40 for a day of nursing home care, which is about one-third of the average cost to the States to provide this care. Section 1741 of Title 38, United States Code, authorizes VA to provide a per diem rate of up to 50% of the states' average daily cost, but VA has not raised the actual rate paid to our homes near this statutory limitation.

Mr. Chairman, the National Association of State Veterans Homes (NASVH) is an all-volunteer, non-profit organization founded over a half century ago by administrators of State veterans homes to promote the common interests of the homes and the elderly, chronically ill and disabled veterans and their family members that we serve. The membership of NASVH consists of the administrators and senior staffs of 120 State-operated veterans homes in 48 States and the Commonwealth of Puerto Rico. We provide nursing home care in 114 homes, domiciliary care in 53 of those locations, and hospital-type care in five of our homes. Our State homes presently provide over 28,000 resident beds for veterans, of which about 21,500 are nursing home beds.

Mr. Chairman, we look forward to working with you, this Committee, and the Senate to strengthen, rather than weaken, this foundation of veterans' long-term care. The care provided by NASVH member homes is an indispensable, cost-effective, and successful element in the Nation's provision of comprehensive health care to veterans. This concludes our statement for the record. Thank you for permitting the National Association of State Veterans Homes to submit this testimony.

Statement of the National Association of State Veterans Homes to the Committee on Veterans Affairs, House of Representatives, in compliance with Rule XI 2(k)2 of the Rules of the House of Representatives

The National Association of State Veterans Homes is neither in receipt of any grant from, nor engaged in any contract with, any Federal Department, Agency or Establishment.