

**The Florida Senate**  
**BILL ANALYSIS AND FISCAL IMPACT STATEMENT**

(This document is based on the provisions contained in the legislation as of the latest date listed below.)

Prepared By: The Professional Staff of the Military Affairs, Space, and Domestic Security Committee

**BILL:** CS/SB 1230

**INTRODUCER:** Military Affairs, Space, and Domestic Security Committee and Senator Fasano

**SUBJECT:** The Department of Veterans' Affairs

**DATE:** March 31, 2011      **REVISED:** \_\_\_\_\_

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	Fleming	Carter	MS	Fav/CS
2.			BC	
3.				
4.				
5.				
6.				

**I. Summary:**

This bill directs the Florida Department of Veterans' Affairs (department) to provide to the Governor and Cabinet, the President of the Senate, and the Speaker of the House of Representatives a business and implementation plan, along with a financial analysis or cost-benefit analysis in order to identify the most appropriate business model for the future operation of the state's veterans' nursing homes. This bill allows the department to procure the necessary expertise to prepare the plan and financial analysis.

This bill substantially amends a section of the Laws of Florida.

**II. Present Situation:**

**State Veterans' Homes Program**

The department operates the State Veterans' Homes Program which provides comprehensive, high quality health care services on a cost-efficient basis to eligible Florida veterans who are in need of assisted living or long-term care in a skilled nursing home. The department operates six 120-bed skilled nursing facilities that provide full-service long-term residential nursing care to eligible Florida veterans. The homes are supervised 24-hours daily by registered and licensed nurses. The department's 150-bed domiciliary facility provides rehabilitative assistance and other therapeutic measures to eligible ambulatory veterans who are not in need of hospitalization or skilled nursing services. The focus of this care is to prepare veterans to function at their highest level of independence. During fiscal year 2009-10, the average occupancy rate for the department's homes was 93%, which exceeds the state average of 88% for all nursing homes in

Florida. The department's six skilled nursing facilities and assisted living facility are listed below.<sup>1</sup>

#### State Veterans' Domiciliary Home

- Robert H. Jenkins Jr. Veterans' Domiciliary Home (Columbia County)

#### State Veterans' Nursing Homes

- Emory L. Bennett State Veterans' Nursing Home (Columbia County)
- Baldomero Lopez State Veterans' Nursing Home (Volusia County)
- Alexander "Sandy" Nininger State Veterans' Nursing Home (Broward County)
- Clifford C. Sims State Veterans' Nursing Home (Bay County)
- Douglas T. Jacobson State Veterans' Nursing Home (Charlotte County)
- Clyde E. Lassen State Veterans' Nursing Home (St. Johns County)

The department receives monetary support from a variety of resources to operate the State Veterans' Homes Program including:<sup>2</sup>

- U.S. Department of Veterans Affairs Per Diem
- Private Pay
- Third-party Insurance
- Medicare
- Medicaid (Payer of Last Resort)
- General Revenue

In addition, resident care is 100-percent funded by the U.S. Department of Veterans Affairs for patients with a service-connected disability of 70% or greater.

For fiscal year 2009-10, the Legislature authorized 815.5 positions and appropriated \$61.6 million for the State Veterans' Homes Program, of which \$5.9 million was general revenue and \$55.7 million was from trust funds.<sup>3</sup>

The State Veterans' Homes Program constitutes a large percentage of the department's expenditures. Approximately 87% of operating expenditures are for the operations and maintenance of the department's seven State Veterans' Homes.<sup>4</sup>

The State Veterans' Homes Program receives federal funds that provide for the needed renovations to the facilities and monthly per diem for the operations of the facilities.<sup>5</sup> Each new

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<sup>1</sup> Florida Department of Veterans' Affairs. 2010 Annual Report. p. 17. Available at: [http://www.floridavets.org/pdf/ann\\_rprt\\_10.pdf](http://www.floridavets.org/pdf/ann_rprt_10.pdf)

<sup>2</sup> Florida Department of Veterans' Affairs. PowerPoint presentation to the Senate Military Affairs, Space, and Domestic Security Committee. January 26, 2011. Available at: <http://www.flsenate.gov/PublishedContent/Committees/2010-2012/MS/MeetingRecords/MS1262011.pdf>

<sup>3</sup> Office of Program Policy Analysis and Government Accountability. Government Program Summaries. *Department of Veterans' Affairs, Veterans Homes*. Available at: <http://www.oppaga.state.fl.us/profiles/5037/>. Site last accessed March 27, 2011.

<sup>4</sup> Florida Department of Veterans' Affairs. 2010 Annual Report. p. 20. Available at: [http://www.floridavets.org/pdf/ann\\_rprt\\_10.pdf](http://www.floridavets.org/pdf/ann_rprt_10.pdf)

<sup>5</sup> Ibid, p. 22.

State Veterans' Nursing Home is subject to approval by the Governor and Cabinet, with 35% funding by the Florida Legislature and matching funds of 65% of construction costs by the United States Department of Veteran Affairs.<sup>6</sup>

### **The State Veterans' Homes Corporation Proposal**

In an effort to provide the best quality of care for Florida veterans, to increase the effectiveness and efficiency of the veterans' homes operations, and to be competitive in recruiting and retaining the best personnel in the long-term care industry, the department has offered the concept of forming a public corporation within the Department of Veterans' Affairs to operate the State Veterans' Homes Program.

The department provided the following information in briefings to the Senate Committee on Military Affairs, Space, and Domestic Security<sup>7</sup> and the House Health Care Appropriations Subcommittee<sup>8</sup> about the concept of the Florida Veterans' Homes Corporation:

- The corporation would be created in Chapter 296, Florida Statutes as a public corporation and would be constituted as a public instrumentality, with a similar structure as the Florida Housing Finance Corporation and Division of Bond Finance;
- The corporation would be modeled closely after similar public veterans' nursing home corporations established in Maine and Tennessee.
- A Board of Trustees (conceptually, the Governor and Cabinet) would oversee the corporation and would hire an executive director;
- The corporation would be self-sustaining;
- The corporation would be eligible for U.S. Department of Veterans Affairs per diem and certain matching funds;
- Employees of the corporation would be public employees and would be eligible for state health and retirement benefits; and
- The corporation would maintain sovereign immunity and coverage through the State Risk Management Trust Fund.

The department also presented the concept of the State Veterans' Homes Corporation to the Governor and Cabinet on February 22, 2011 and received approval to seek funding from the Legislature to procure an independent financial and cost-benefit analysis to explore three options for the operation of the State Veterans' Homes Program. These options include: operating the State Veterans' Homes Program as in prior years (status quo); creating a public corporation; and privatizing the operations.

The timeframe the department proposes is as follows:<sup>9</sup>

- FY 2011-12: The State Veterans' Homes will operate as they have in prior years.

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<sup>6</sup> Id.

<sup>7</sup> Meeting Date: January 26, 2011 at 10:45 AM.

<sup>8</sup> Meeting Date: February 16, 2010 at 1:00 PM.

<sup>9</sup> Florida Department of Veterans' Affairs. PowerPoint presentation to House Health Care Appropriations Subcommittee. February 16, 2011. Available at:

[http://www.myfloridahouse.gov/Sections/Documents/loaddoc.aspx?PublicationType=Committees&CommitteeId=2599&Session=2011&DocumentType=Meeting Packets&FileName=PRINT\\_HCAS 02\\_16\\_2011 2nd REVISIED.pdf](http://www.myfloridahouse.gov/Sections/Documents/loaddoc.aspx?PublicationType=Committees&CommitteeId=2599&Session=2011&DocumentType=Meeting%20Packets&FileName=PRINT_HCAS_02_16_2011_2nd_REVISIED.pdf)

- FY 2011-12: The department will prepare a business and implementation plan with a detailed fiscal analysis and present the plan to the Governor and Cabinet and the Legislature for the 2012 session.
- FY 2012-13: Pending the results of the business and implementation plan, the corporation would become effective July 1, 2012 and the Veterans' Homes Program would transition to the corporation model in accordance with business and implementation plan recommendations.

### **III. Effect of Proposed Changes:**

This bill directs the department to provide to the Governor and Cabinet, the President of the Senate, and the Speaker of the House of Representatives a business and implementation plan, along with a financial analysis or cost-benefit analysis in order to identify the most appropriate business model for the future operation of the state's veterans' nursing homes. This bill allows the department to procure the necessary expertise to prepare the plan and financial analysis. The plan and financial analysis must be submitted by December 15, 2011.

This bill would result in no changes to veterans' homes operations for fiscal year 2011-12.

This bill has an effective date of July 1, 2011.

### **IV. Constitutional Issues:**

#### **A. Municipality/County Mandates Restrictions:**

None.

#### **B. Public Records/Open Meetings Issues:**

None.

#### **C. Trust Funds Restrictions:**

None.

### **V. Fiscal Impact Statement:**

#### **A. Tax/Fee Issues:**

None.

#### **B. Private Sector Impact:**

None.

#### **C. Government Sector Impact:**

According to the department, the cost to prepare the implementation plan and the financial analysis is unknown at this time, as the department plans to put it out for bid.

However, the cost to procure the plan and analysis will be paid out of the Veterans' Homes Trust Fund.

**VI. Technical Deficiencies:**

None.

**VII. Related Issues:**

None.

**VIII. Additional Information:**

**A. Committee Substitute – Statement of Substantial Changes:**

(Summarizing differences between the Committee Substitute and the prior version of the bill.)

**CS by Military Affairs, Space, & Domestic Security Committee on March 30, 2011:**

- Changes the date the department must submit the business and implementation plan and financial analysis to December 15, 2011;
- Provides the department the option of submitting either a financial analysis or a cost-benefit analysis; and
- Expands the scope of the analysis to identify the most appropriate business model for the future operation of the State Veterans' Homes Program. The original bill intended for the analysis to focus specifically on the option to create a public corporation.

**B. Amendments:**

None.