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State Veterans Homes

State veterans homes fill an important need for veterans with low income and veterans who desire to spend their last years with "comrades" from former active-duty. The predominant service offered is nursing home care. VA nursing homes must be licensed for their particular state and conform with skilled or intermediate nursing services offered in private sector nursing homes in that state. State homes may also offer assisted living or domiciliary care which is a form of supported independent living.

Every state has at least one veterans home and some states like Oklahoma have six or seven of them. There is great demand for the services of these homes but lack of federal and state funding has created a backlog of well over 130 homes that are waiting to be built. We will discuss this problem in the section below entitled "Challenges Facing the Construction of New Homes".

Unlike private sector nursing homes where the family can walk in the front door and possibly that same day make arrangements for a bed for their loved one, state veterans homes have an application process that could take a number of weeks or months. Many state homes have waiting lists especially for their Alzheimer's long term care units.

No facilities are entirely free to any veteran with an income. The veteran must pay his or her share of the cost. In some states the veterans contribution rates are set and if there's not enough income the family may have to make up the difference. Federal legislation, effective 2007, also allows the federal government to substantially subsidize the cost of veterans with service-connected disabilities in state veterans homes.

The Appeal of Living in a State Veterans Home

We believe most veterans or their families seek out residency in a state veterans nursing home because they believe this service is one more VA entitlement that should be available to them.

But there is also a similar entitlement available to anyone in most private sector nursing homes -- facilities that may be geographically closer to the family than the nearest veterans home. This is Medicaid. Veterans seeking long term care from VA programs generally don't have the funds for private pay in a nursing home; however, Medicaid will also cover these same people in a private sector Medicaid certified facility. Most families who are seeking help for their loved ones, who are veterans, generally look to VA first before considering Medicaid. Or they are simply not aware of Medicaid. In many cases, Medicaid may be the better choice.

Aside from seeking long term care because of an expectation of entitlement are there any other reasons that veterans would prefer a State home? We asked this question of ourselves because we have noticed that in some states veterans homes are in distant rural areas. The fact that some of these homes are hundreds of miles from urban areas where the majority of veterans would tend to live, made us wonder why some veterans would move long distances to reside in these facilities.

To answer this question we contacted a number of rural state veterans homes on the phone and asked them why a veteran or his or her family would seek out their services as opposed to seeking services in a closer non-veterans facility under Medicaid. Almost unanimously the answer we got was that some veterans like the idea of sharing their living arrangement with other veterans. The facilities almost always referred to this as "camaraderie" -- a band of brotherhood.

Statistically, private sector nursing homes are mostly populated by older women who are generally in poor health. Some men may not feel comfortable in an environment where the activities and the social atmosphere are centered around women. In contrast, veterans homes are almost exclusively populated by men. In addition, based on our observation, we suspect the population of state homes is younger and healthier than that of private sector facilities.

These demographics would suggest that activities and the social atmosphere revolve around the needs of men not women. A younger, healthier population would also suggest veterans homes would offer more opportunity in the form of transportation or scheduled outings for the residents to be out in the community. One veterans home reported to us that they regularly scheduled fishing trips and outings to sporting events for their residents. These would be unheard-of activities for the typical private nursing home.

The second most common reason reported to us why veterans seek out state homes is for financial reasons. In many states the cost of the home is subsidized for veterans who meet an income test. The vet's income is considered sufficient to cover the cost. These veterans may own a home or other assets that they wish to protect from Medicaid and leave to their family. The state veterans home will allow them to give these assets to the family without penalty. Medicaid would require a spend down of those assets or impose a penalty for gifting.

Another reason related to finances may be there are no available Medicaid beds in the veteran's area. The veteran may be paying out of pocket for a nursing facility but have his name on a waiting list for a State Home where the out-of-pocket cost would be much less. When his name comes up he will move to the State home.

A financial incentive for the veteran is that all state veterans homes will apply for the pension benefit for those residents who are eligible. Federal law prohibits VA from paying any more than \$90 a month to single veterans who are eligible for Medicaid in a non-veteran nursing home. State veterans homes are exempt from this rule and the single veteran can keep the entire pension amount although most of it will have to apply to the cost of care.

Challenges for State Veterans Homes

The following is quoted from the Armed Forces Veterans Homes Foundation:

"The demand for quality long term veteran care is growing at an astounding rate. Our nation faces the largest aging veteran population in its history. Today, roughly 10 million veterans are aged 65 and over, about 39 percent of all the veterans in America. This proportion will remain unchanged for the next 20 years. The number of veterans aged 85 and over will have increased by 600 percent from 1990 to 2010 and will total nearly two million in all."

"The U.S. Department of Veterans Affairs has now designated the state veterans homes system as its primary provider of long term care service. One hundred new homes are slated to be built in the next 10 years, but even with such aggressive expansion, the demands for service will continue to far exceed the supply."

"America's veterans homes face serious resource shortfalls. Ideally, home costs are shared equally by the Department of Veterans Affairs, state governments and residents. The reality is that 11 states currently provide little or no funding for their veterans home. And the others now face the worst fiscal crisis in 20 years, with two thirds of the states now reporting substantial cuts in programs serving low-income residents, including veterans."

"In addition, nearly every home relies on support from its local veterans community to supplement its resources. Homes commonly log thousands of hours of veteran volunteer time each year, the equivalent of a significant number of full-time paid staff. But these veterans who contribute so generously of their time are dying at an alarming rate. An estimated 700,000 will die this year, and far fewer veterans will be there to follow in their footsteps."

"State Veterans Homes are one of the largest long term care providers in the United States. During 2005, State Veterans Homes furnished 6,852,875 days of nursing home care and 1,477,885 days of domiciliary (assisted living) care. As of February 13, 2006, there were 133 State Veterans Homes in 50 states and Puerto Rico with 30,255 total beds."

History of State Veterans Homes

Our nation was faced with a staggering number of soldiers and sailors in critical need of medical care following the Civil War, and although the national homes were in operation at the time, their capacity was inadequate to meet the demand. At that time, several states established veterans homes, at their own expense, to provide for those residents who had served so honorably in the military.

In 1888, the U.S. Congress authorized federal cost-sharing for state veterans homes--about 30 cents per resident per day. Since the creation of the Veterans Administration in 1930, the program's per diem payments for 2010 have increased to \$77.53 per day.

Nursing Home Daily Rates

The Veterans Administration pays the state veterans homes an annually adjusted rate per day for each veteran in the home. This is called the per diem. The 2010 nursing per diem amount was \$77.53 and for domiciliary care rate was \$35.84. Adult Day Health Care – up to one-half of the cost of care -- cannot exceed \$66.13 per day for 2010. The goal of state veterans homes is to get Congress to increase the per diem rate for nursing care to 75% of the state private nursing rates. In most states the per diem falls well short of this goal.

For 2011 the per diem rates are \$94.59 for nursing home and \$38.90 for domiciliary. The adult daily rates were not announced as of this writing. These nursing home reimbursement rates represent a significant increase over 2010 rates of 18.04%.

The per diem program and construction subsidies mean that State veterans homes can charge less money for their services than private facilities. Some states have a set rate, as an example \$1,600 a month, and they may be relying on the pension benefit with aid and attendance plus the per diem to cover their actual costs. Other states may charge a percentage of the veterans income but be relying on other subsidies to cover the rest of the cost. Still, in other states, the rate may simply be the difference between all of the subsidies and the actual monthly cost of operation.

Most of the states with income-determined rates are selective about the veterans they accept. These states may rely on a variety of private and public sources to help fund the cost of care.

Example of Subsidy from the VA and the State

Actual per Veteran Monthly Cost of Operation	\$7,000
Per Diem Monthly to Subsidize the Veteran's Cost	\$2,838
Possible State or Other Subsidies	\$1,000
Possible VA Aid and Attendance Benefit	\$1,732
Available to Pay for Care from All Sources above	\$5,541
Veterans Out-of-Pocket Cost	\$1,459

Legislation is pending in Congress to allow private long term care beds in states to be designated as state veterans home beds and to receive the per diem on behalf of veterans. But it is limited to adding only a hundred beds nationwide over the next three years. This will hardly put a dent in anything.

States without set rate subsidies may charge 50% to 70% of the rate of private facilities based on private or semi private room occupancy and if the veteran does not have enough income, these homes accept Medicaid or Medicare to make up the difference. In these states the veterans homes

are Medicaid and possibly Medicare certified. Approximately 30% of all state veterans homes are CMS certified.

Per Diem Reimbursement Rates				
	Nursing Home	Yearly Increase	Domiciliary	Adult Day Health Care
2000	\$46.49		\$20.36	N/A
2001	\$51.38	9.52%	\$22.03	N/A
2002	\$53.17	3.37%	\$23.74	N/A
2003	\$56.24	5.46%	\$26.95	N/A
2004	\$57.78	2.67%	\$27.19	N/A
2005	\$59.36	2.66%	\$27.44	N/A
2006	\$63.40	6.37%	\$29.31	\$37.91
2007	\$67.71	6.37%	\$31.30	\$40.48
2008	\$71.42	5.19%	\$33.01	\$64.13
2009	\$74.42	4.03%	\$34.40	\$66.82
2010	\$77.53	4.01%	\$35.84	\$69.63
2011	\$94.59	18.04%	\$38.90	TBA
Average		6.15%		

Eligibility and Application Requirements for State Veterans Homes

From state to state, facilities vary in their rules for eligible veterans. And even in the same state it is common, where there is more than one state home, for some homes to have very stringent eligibility rules and others to be more lenient. These differing rules are probably based on the demand for care and the available beds in that particular geographic area.

Some homes require the veteran to be totally disabled and unable to earn an income. Some evaluate on the basis of medical need or age. Some evaluate entirely on income -- meaning applicants above a certain level will not be accepted. Some accept only former active-duty veterans, while others accept all who were in the military whether active duty or reserve. Still others accept only veterans who served during a period of war. Some homes accept the spouses or surviving spouses of veterans and some will accept the parents of veterans but restrict that to the parents of veterans who died while in service (Goldstar parents).

Federal regulations allow that 25% of the bed occupants at any one time may be veteran-related family members, i.e., spouses, surviving spouses, and/or gold star parents who are not entitled to payment of VA aid. When a State Home accepts grant assistance for a construction project, 75% of the bed occupants at the facility must be veterans.

Domicile residency requirements vary from state to state. The most stringent seems to be a three-year prior residency in the state whereas other homes may only require 90 days of residency.

All states require an application process to get into a home. Typically a committee or board will approve or disapprove each application. Many states have waiting lists for available beds.