

## HOUSE OF REPRESENTATIVES STAFF ANALYSIS

**BILL #:** HB 581 State Veterans' Nursing Homes

**SPONSOR(S):** Magar

**TIED BILLS:** **IDEN./SIM. BILLS:**

REFERENCE	ACTION	ANALYST	STAFF DIRECTOR or BUDGET/POLICY CHIEF
1) Health Innovation Subcommittee	10 Y, 0 N	Guzzo	Poche
2) Health Care Appropriations Subcommittee	13 Y, 0 N	Garner	Pridgeon
3) Health & Human Services Committee			

### SUMMARY ANALYSIS

HB 581 creates a site selection process for new state veterans' nursing homes to be administered by the Florida Department of Veterans' Affairs (FDVA).

The State Veterans' Homes Program, administered by FDVA, provides care to eligible veterans in need of either long-term skilled nursing care or assisted living services. Currently, there are six state veterans' nursing homes in Florida. Because of the size and age of the veteran population, Florida is near the top of the list of states with a "Great Need" for veterans' nursing home beds as determined by the U.S. Department of Veterans' Affairs (VA). As a result, Florida will receive priority over other states applying to the VA for grants for the construction of new state veterans' nursing homes.

Currently, no Florida law governs FDVA's site selection process. FDVA's current process is two-tiered. First, FDVA contracts for a Site Selection Study (Study) to rank each county based on greatest need using certain measureable criteria. Second, FDVA sends applications to the top ten counties identified in the Study. Each county that wishes to be considered in the selection process must submit an application, which includes other measureable criteria, to FDVA by a specified date. The application is scored by a Site Selection Committee appointed by the Executive Director of FDVA. The county with the highest score is awarded the site, subject to approval by the Governor and the Cabinet.

The bill creates a single-step site selection process, in new s. 296.42, F.S. The bill requires FDVA to contract for a study to determine the most appropriate county for construction of a nursing home based on the greatest level of need. The study must be delivered to the Governor, the President of the Senate, and the Speaker of the House of Representatives by November 1, 2016, and a new study must be conducted and submitted every 4 years thereafter.

The bill requires that the study rank each county using the following criteria:

- The distance from the geographic center of the county to the nearest existing state veterans' nursing home;
- The number of veterans aged 65 years and older living in the county;
- The availability of emergency health care in the county;
- The presence of an existing Veterans' Health Administration Medical Center or Outpatient Clinic in the county;
- The number of existing nursing home beds per 1,000 elderly male residents of the county;
- The presence of accredited education institutions with health care programs in the county; and
- The county poverty rate.

FDVA must select the county with the highest ranking as the site for the new home, subject to approval by the Governor and the Cabinet. The bill requires the next highest ranked county to be selected if a higher ranked county cannot participate. The study must be used to determine the site of any new veterans' nursing home authorized before July 1, 2020. The bill requires the Site Selection Study dated February 7, 2014, to be used to select a county for a new veterans' nursing home before November 1, 2016, if authorized.

The bill requires the FDVA to contract for a Site Selection Study which was competitively procured in previous years at the cost of \$38,692. This additional cost can be absorbed with existing appropriations.

The bill provides an effective date of July 1, 2016.

**This document does not reflect the intent or official position of the bill sponsor or House of Representatives.**

**STORAGE NAME:** h0581c.HCAS

**DATE:** 1/12/2016

# FULL ANALYSIS

## I. SUBSTANTIVE ANALYSIS

### A. EFFECT OF PROPOSED CHANGES:

#### Background

##### State Veterans' Homes Program

The Florida Department of Veterans' Affairs (FDVA) operates the State Veterans' Homes Program (Program) as authorized by Chapters 292 and 296, F.S.<sup>1</sup> The Program provides care to eligible veterans in need of either long-term skilled nursing care or assisted living services. Care is provided to veterans with qualifying war or peacetime service, who are residents of Florida and who require skilled care as certified by a U.S. Department of Veterans' Affairs (USDVA) physician.<sup>2</sup> There are over 700,000 veterans aged 65 years and older in the state.<sup>3</sup>

Currently, there are six state veterans' nursing homes in Florida. Five of the six homes have dementia-specific care.<sup>4</sup> The six nursing homes are located in Daytona Beach, Land O' Lakes, Pembroke Pines, Panama City, Port Charlotte, and St. Augustine. Currently, the Program has a total of 720 skilled-nursing beds and an average occupancy rate of 99%.<sup>5</sup> In 2014, St. Lucie County was selected as the site for the seventh nursing home. The home is currently in the initial planning stages.<sup>6</sup>

##### Funding

The construction of a new nursing home is subject to approval by the Governor and Cabinet. Funding is based on a 65% / 35% federal/state split of the cost.<sup>7</sup> Florida is near the top of the list of states with a "Great Need" for veterans' nursing home beds as determined by the USDVA.<sup>8</sup> As a result, Florida will receive priority over other states applying to USDVA for grants for the construction of new state veterans' nursing homes. The estimated cost to build a new nursing home can range from \$37 million to \$50 million, depending on style, land condition, materials used, weather resistance and energy efficiency.<sup>9</sup>

According to FDVA, the total cost of the seventh nursing home in St. Lucie County is \$39.8 million.<sup>10</sup> The state pro-rata share of cost is \$13.9 million and will be paid from the FDVA Operations and Maintenance Trust Fund.<sup>11</sup> Funding for future nursing homes will need to be supported by General Revenue funding.<sup>12</sup>

##### Site Selection Process for Recently Authorized State Veterans' Nursing Homes

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<sup>1</sup> S. 292.05(7), F.S. "The Department shall administer this chapter and shall have the authority and responsibility to apply for and administer any federal programs and develop and coordinate such state programs as may be beneficial to the particular interests of the veterans of this state."; part II of ch. 296, F.S., titled "The Veterans' Nursing Home of Florida Act" provides for the establishment of basic standards by FDVA for the operation of veteran's nursing homes for eligible veterans in need of such services.

<sup>2</sup> S. 296.36, F.S.

<sup>3</sup> Florida Department of Veterans' Affairs, *Long Range Program Plan Fiscal Years 2016-17 through 2020-21*, page 10, available at <http://floridavets.org/about-us/long-range-program-plan/> (last viewed on November 24, 2015).

<sup>4</sup> AHCA, Florida Health Finder.gov, *Facility Provider Locator; General Search by Nursing Home; Advanced Search (Special Programs and Services) by Alzheimer's*, available at <http://www.floridahealthfinder.gov/facilitylocator/FacilitySearch.aspx> (last viewed November 24, 2015).

<sup>5</sup> FDVA, Presentation to the House Health Care Appropriations Committee on November 3, 2015, *State Veterans' Homes Program and Fixed Capital Outlay Projects*, at pg. 3 (on file with Health Innovation Subcommittee staff).

<sup>6</sup> FDVA, *Fourth Quarter Report, Administrative Highlights, Current Issues Concerns, New State Veterans' Nursing Home*, (April 1 – June 30, 2015).

<sup>7</sup> 38 CFR §59.80

<sup>8</sup> 38 CFR §59.50(1)(iii); see also 38 CFR §§59.40 and .50.

<sup>9</sup> E-mail correspondence, FDVA, February 12, 2015, (on file with Health Innovation Subcommittee staff).

<sup>10</sup> Supra, FN 5 at pg. 10, "Changes in the construction schedule of state veteran' home number 7 may result in differences in actual expenditures by fiscal year. However, total cost of the project is not expected to vary from the total amount of \$39.75 million.

<sup>11</sup> Id.

<sup>12</sup> Supra, at FN 8.

*State Veterans' Nursing Home Seven (St. Lucie County)*

In 2013, the Legislature appropriated funds for FDVA to contract with a private entity to conduct a Site Selection Study (Study).<sup>13</sup> The purpose of the Study was to identify five communities, defined as single-county or multi-county areas, to be given priority for development of a new state veterans' nursing home.

Counties that did not meet certain minimum threshold criteria, including access to emergency care and the availability of health care professionals, were eliminated from consideration before the Study began. Counties with an existing state veterans' nursing home and those located within 25 miles of an existing home were also eliminated from consideration.

The Study used the following criteria to score the counties, rank ordered from greatest to least value assigned:

- Number of elderly veterans in the county;
- Ratio of existing nursing home beds per/1,000 elderly male residents in the county;
- County poverty rate;
- Distance to an existing state veterans' nursing home;
- Presence of an existing veterans' health care facility in the county; and
- Presence of nursing education programs in the county.

The Study identified the following top ten counties with the greatest need for a new state veterans' nursing home, ranked in order of greatest need based on the scoring criteria:

<b>Study Ranking</b>	<b>County</b>
1	Collier
2	Lee
3	Polk
4	Manatee
5	Marion
6	Putnam
7	St. Lucie
8	Hillsborough
9	Palm Beach
10	Sumter

FDVA sent applications to all ten counties listed in the Study. Six of the counties submitted applications: Collier County, Polk County, Manatee County, Marion County, Putnam County, and St. Lucie County. A Site Selection Committee (Committee) was created by the Executive Director of FDVA to evaluate each application.

The Committee established factors for consideration, and assigned a score of 0 to 50 points for each of the following criteria:

- Number of veterans aged 65 or older living within a 75 mile radius of the proposed site;
- Number of nursing home beds and assisted living facility beds located within 10 miles of the proposed site;
- Suitability of the donated site in terms of its general surroundings and support capabilities;
- Availability of emergency health care, as determined by:
  - Number of hospitals and/or emergency care centers within 25 miles of the proposed site;
  - Number of emergency room holding beds per facility;
  - Presence of in-house physicians on staff in the emergency room 24 hours/day, 7 days/week; and

<sup>13</sup> Hoy & Stark Architects, *Site Selection Study; Phase I State Veterans' Nursing Homes Statewide*, February 7, 2014, (on file with the Health Innovation Subcommittee staff).

- The nursing workforce.
- Availability of health care professionals, as determined by the number of accredited educational institutions located within 50 miles of the proposed site; and
- Availability of infrastructure at the site, including roads, water, sewer, telephone lines, and electricity/natural gas services, all of which must link to the property line of the proposed site at no cost to the state.

The Committee's final rankings were:

Committee Ranking	County	Study Ranking
1	St. Lucie	7
2	Marion	5
3	Collier Site B	1
4	Collier Site A	1
5	Polk Site A	3
6	Polk Site B	3

St. Lucie County was selected as the site for the seventh nursing home, and approved by the Governor and Cabinet on September 23, 2014.

*State Veterans' Nursing Home Six (St. Johns County)*

The same site selection process was used to determine the site of the sixth nursing home. A Study<sup>14</sup> was conducted in 2004 and the home was built in 2010. The extended length of time between site selection and construction of the nursing home was due to a lack of funds caused by the economic recession in the mid-2000s.

The Study identified the following top twelve areas, which included counties and multi-county groups, with the greatest need for a veterans' nursing home:

Study Ranking	County or Area
1	Lake/Marion/Sumter
2	Duval
3	Brevard
4	Escambia/Santa Rosa/Okaloosa
5	Indian River/Martin/St. Lucie
6	Orange/Seminole
7	Collier/Lee
8	Palm Beach
9	Sarasota/Manatee
10	Polk
11	Citrus/Hernando
12	Pinellas

The Committee selected St. Johns County as the site for sixth veterans' nursing home. St. Johns County was not identified in the Study as an area of need.

Site Selection Process Workshop

In February 2015, FDVA conducted a state veterans' nursing home site selection process workshop (workshop). The goal of the workshop was to review the existing site selection process and determine if the process is valid and useful for future site selections.<sup>15</sup>

The final report from the workshop included the following recommendations:

<sup>14</sup> Health Strategies, Inc., *Nursing Home Site Selection Study*, February 2004, (on file with the Health Innovation Subcommittee staff).

<sup>15</sup> FDVA, *State Veterans' Nursing Home Site Selection Process Workshop Results and Recommendations, Final Report*, (March 12, 2015).

- Follow the 2014 site selection study recommendations but allow up to three adjoining counties to combine and submit a single application;
- Revise weighting of the application, but not the site selection study;
- Outline weighted factors in the application packet;
- Limit counties to a single site proposal to ensure counties put their best product forward and apply resources to that site accordingly;
- Keep the site selection committee intact, but change the point of contact to a non-voting member;
- Redesign the application form;
- Revise the score sheet to add a scoring scale and train site selection committee members accordingly;
- Rank order sites in the next site selection process from one through four and award homes 8,9, and 10 to the top three sites with the fourth site being an alternate if site number three is disqualified by FDVA or the USDVA; and
- Allow runner-up sites in scoring to become alternate sites.<sup>16</sup>

On November 10, 2015, FDVA presented the recommendations to the Governor and Cabinet for approval. The Governor and Cabinet approved all but one of the recommendations. Specifically, the recommendation to rank order sites in the next site selection process from one through four and award homes 8,9, and 10 to the top three sites was not accepted.

### **Effect of Proposed Changes**

The bill creates a single-step site selection process, in new s. 296.42, F.S. The bill requires FDVA to contract for a study to determine the most appropriate county for construction of a new nursing home based on the greatest level of need. The study must be delivered to the Governor, President of the Senate, and the Speaker of the House of Representatives by November 1, 2016, and a new study must be conducted and submitted every 4 years thereafter.

The bill requires the study to use the following criteria to rank each county:

- The distance from the geographic center of the county to the nearest existing state veterans' nursing home;
- The number of veterans aged 65 years and older living in the county;
- The availability of emergency health care in the county, as determined by:
  - The number of general hospitals;
  - The number of emergency room holding beds per hospital; and
  - The number of in-house physicians per hospital on staff in the emergency room 24 hours per day.
- The presence of an existing Veterans' Health Administration Medical Center or Outpatient Clinic in the county;
- The number of existing nursing home beds per 1,000 elderly male residents of the county;
- The presence of accredited education institutions with health care programs in the county; and
- The county poverty rate.

The county with the highest ranking must be selected as the site for the new home, subject to approval by the Governor and the Cabinet. The bill requires the next highest ranked county to be selected if a higher ranked county cannot participate. The study must be used to determine the site for any veterans' nursing home authorized before July 1, 2020. For any veterans' nursing home authorized before November 1, 2016, the bill requires the FDVA to use the 2014 Site Selection Study.

## **B. SECTION DIRECTORY:**

<sup>16</sup> Id.

**Section 1:** Creates s. 296.42, F.S., relating to the site selection process for state veterans' nursing homes.

**Section 2:** Provides an effective date of July 1, 2016.

## II. FISCAL ANALYSIS & ECONOMIC IMPACT STATEMENT

### A. FISCAL IMPACT ON STATE GOVERNMENT:

1. Revenues:

None.

2. Expenditures:

The bill requires FDVA to contract for a study to rank each county according to greatest need to determine the most appropriate site for a new veterans' nursing home. The Site Selection Study for the determination of the seventh state nursing home location was competitively procured and a contract was awarded to Hoy + Stark Architects, P.A. for a total cost of \$38,692.<sup>17</sup> This additional cost can be absorbed with existing appropriations.

### B. FISCAL IMPACT ON LOCAL GOVERNMENTS:

1. Revenues:

None.

2. Expenditures:

None.

### C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:

None.

### D. FISCAL COMMENTS:

None.

## III. COMMENTS

### A. CONSTITUTIONAL ISSUES:

1. Applicability of Municipality/County Mandates Provision:

Not applicable. The bill does not appear to affect county or municipal governments.

2. Other:

None.

### B. RULE-MAKING AUTHORITY:

Not applicable.

### C. DRAFTING ISSUES OR OTHER COMMENTS:

None.

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<sup>17</sup> E-mail correspondence, FDVA, March 19, 2015, (on file with Health Innovation Subcommittee staff).

#### IV. AMENDMENTS/ COMMITTEE SUBSTITUTE CHANGES