



Wisconsin Department of Veterans Affairs

Scott Walker, Governor | Daniel J. Zimmerman, Secretary



September 1, 2017

Senator Robert Cowles, Co-Chair
Joint Legislative Audit Committee
State Capitol, Room 118 South

Representative Samantha Kerkman, Co-Chair
Joint Legislative Audit Committee
State Capitol, Room 315 North

Dear Senator Cowles and Representative Kerkman,

At the direction of the Joint Legislative Audit Committee, the Legislative Audit Bureau (LAB) published Report 17-8 related to the revenues, expenditures and capital projects of the Wisconsin Veterans Home at King on May 5, 2017. Contained within the report were recommendations on which the Department of Veterans Affairs was requested to provide a status by September 1, 2017, to the Committee. This letter provides the requested status update regarding planning of capital projects and the management of cash balances in the Home's account.

As I wrote in my response to the report in May, the Wisconsin Veterans Home at King (with four separately licensed skilled nursing facilities) is the largest skilled nursing home campus in the state, and yet it consistently exceeds local, state, and national averages in nearly every measurable area, to include the key components of "quality of care," survey citations, and employee retention. This was confirmed by the LAB's most recent report published last week. (Report 17-14, Wisconsin Veterans Home at King.)

The Veterans Home at King has a long history that began in the post-Civil War years when it was a retirement community for Veterans on the shore of the Waupaca Chain O' Lakes. King now provides not only exceptional retirement activities and amenities, but also exceptional skilled nursing and memory care, as well as an array of therapies. Like our other two Veterans Homes at Union Grove and Chippewa Falls, King has maintained its tradition of a Veteran-oriented community. It has transitioned over time to meet the evolving long-term care needs of Veterans while also adapting to changes in federal and state law.

To improve our existing system by which the department identifies, assesses, and prioritizes capital-related projects, immediately after my arrival in February, I directed the development of a long-term comprehensive plan to prepare for the needs of Veterans in the coming decades. Components of the plan include projecting programmatic needs (i.e., benefits and services), funding sources, capital resourcing, and the availability of trained staff. As the report discussed, a shortage of nursing assistants is affecting nursing homes across the country. King's rural location and uniquely large workforce create additional challenges in recruiting staff compared to nursing homes in more urban areas.

Thus, our comprehensive planning will continue to look at not only facilities and trends within the skilled nursing industry and the future of long-term care, but also the availability of a stable

workforce. We are analyzing options to “right-size” King so that the number of beds is consistent with our ability to maintain staffing while increasing the department’s flexibility to provide skilled nursing services in other areas of the state.

To address the ever-changing needs of the facilities on a campus as large as King, as well as at our other two campuses, we have in place a robust maintenance and improvement project planning process. Project managers currently maintain a roster of 27 major (and 45 minor) maintenance and improvement projects planned through 2030. All levels of management at all three Veterans Homes participate in identifying and prioritizing all maintenance, repair and improvement projects and modify the schedule as resources and priorities change.

We also work collaboratively with our state and federal partners at the Centers for Medicare and Medicaid Services (CMS), U.S. Department of Veterans Affairs (USDVA), and Wisconsin Department of Health Services (DHS) to best manage our compliance with building codes, life safety requirements, and other general maintenance needs.

Finally, as the report also notes, funds remain in the Homes institutional operations and are available for transfer to the Veterans Trust Fund (VTF) in order to continue to provide the state’s generous benefits and services to all Wisconsin Veterans (e.g., education, housing, and financial assistance). The department intends to continue such transfers to the VTF to maintain Wisconsin’s strong tradition of service to the state’s Veterans. Additionally, the department maintains the ability to shift authority between the three Veterans Homes as needs arise.

The WDVA, as a matter of routine, monitors internal operations accounts and VTF balances and makes current and future budget plans accordingly. Relying on the Homes cash balance, and based on the current proposed 2017-2019 biennial budget, the VTF will remain solvent until fiscal year 2021. Projections for our account balances will also continue to evolve as the department re-evaluates the relative size of the King Home and the need to possibly reallocate nursing home beds to other communities.

Building off of our recent 10 and 20-year facilities plans, our new comprehensive plan will reassess staffing and maintenance needs at King, but will also include a plan that will assess the long-term future of our Veterans Homes across the state. Future plans, and future sites, will require us to carefully evaluate the demand for skilled nursing and related services, as well as the associated impact on revenues, federal construction grants, and anticipated expenditures.

I am proud of the dedicated staff at our Veterans Homes who consistently deliver top quality care to our members. I invite Committee members to visit any of our Homes.

Sincerely,



Daniel J. Zimmerman, Secretary

cc: Members, Joint Legislative Audit Committee