

Recommended COVID-19 Response Funding Plan
for the State Veterans Homes

Background:

HMR has incurred and continues to incur significant operational expenses not contemplated when the contracts were executed while experiencing a decrease in revenue under the existing contracts.

Extraordinary costs are not unique to HMR; skilled nursing facilities across the country are experiencing increased costs due to the COVID-19 pandemic. This is evidenced by the federal VA increasing their per diem rate effective March 1, 2020 to offset some of these costs.

The reduced revenue stems from the agency's decision to stop admitting new residents for the health and safety of the current residents and staff. This has reduced the census in each Home, especially Bill Nichols State Veterans Home, thereby reducing HMR's compensation through no fault of their own.

Board action is required in order to offset any of HMR's additional costs or lost revenue.

Recommended Plan:

In order to address the lost revenue, the Board sets a minimum payable occupancy rate of 95% while the census is down due to the decision of the agency to cease admitting new residents.

In order to address increased costs, the Board authorizes the reimbursement of extraordinary expenses incurred by HMR due to COVID-19 related circumstances not otherwise funded. Only expenses authorized by the agency as reasonable and categorized above and beyond routine contract care shall be reimbursed.

The Board authorizes up to two million five hundred thousand dollars (\$2,500,000)* from any and all of the funds available to the agency to pay for the lost revenue and authorized reimbursements. As the state, including the agency, receive emergency relief financing, those resources may be placed into specialized funds. It is the intent of the Board to authorize the agency to utilize resources in the Veterans Assistance Fund and Veterans Home Trust Fund as well as any other fund to which they may have access as appropriate.

In order to assure accountability and best use of state funding, the Board directs the agency to take reasonable steps including, but not limited to, requiring additional action and documentation of HMR.

** This amount is not all additional financing. Agency expenses are reduced by the state per diem amount when the census is low. The agency is also receiving the higher federal VA per diem rate for current residents. There is also the possibility that a portion may be offset by federal emergency financing or other similar sources.*