



State Veterans Homes: A Case for Examining Their Costs and Potential Reprioritization of Funds to Better Serve Pennsylvania's Veterans

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Since 2010, the Clearinghouse for Military Family Readiness at Penn State (the Clearinghouse) has been involved in applied research aimed at helping professionals identify, implement, evaluate, and improve programs that strengthen military service members, veterans, and their families. The Clearinghouse has been involved in a large-scale longitudinal research project designed to better understand veteran transition (the Veteran Metrics Initiative – TVMI). In conjunction with more expansive literature searches of the empirical and gray literatures, this work has informed the Clearinghouse’s more recent efforts in generating evidence-informed policy recommendations for the Pennsylvania state government as it relates to the provision of services for veterans and their families.

While prioritization of efforts is a perennial task in government, private, and non-profit organizations, the task is even more complex when taxpayer dollars are being utilized. There is a finite amount of tax dollars available and more needs to address than the resources available. In addition to the complexity of proportioning taxpayer money, the challenge of estimating the impact of funding prioritization on various indicators of human flourishing (e.g., financial stability, employment satisfaction, retention in educational programs, reductions in mental health symptomology) requires a level of continual adjustment and reprioritization based on reacting to emergent situations and needs while balancing the need to predict and prevent what needs may become emergent in the future.

The Pennsylvania government’s operating budget for 2021-22 is approximately \$97 billion, \$398 million (.4%) of which is devoted to a variety of DMVA initiatives (Governor’s Executive Budget, 2021). In terms of dollars spent, the DMVA’s primary funding initiative is the support of six veterans homes at a cost of \$233 million, or 58% of the DMVA’s budget (Independent Fiscal Office, 2021). Given that veteran home residents account for less than 1% of the veteran population in Pennsylvania, exploring ways to increase the efficiency of veterans home operations can reduce the amount of spending required to provide the same quality of care to a limited number of veterans. Moreover, an opportunity exists to refine the services Pennsylvania provides to veterans because the total number of veterans living in Pennsylvania is estimated to decline from approximately 800,000 currently to 347,000 in 2045 (VA, 2017). The proportion of veterans in each age group is projected to remain roughly the same, therefore the demand for veteran home services will decrease at a rate that is relatively proportional to the overall veteran population decline (VA, 2017). Ultimately, the money saved could be redirected to other programs and services to expand the support offered to all veterans within the commonwealth.

Given the declining veteran population and the variety of needs that remain unaddressed across all veteran age groups, the Clearinghouse recommends that the Pennsylvania government undertake an investigation into the efficiency and effectiveness of the current spending priorities at the DMVA. For example, in the case of maintaining veteran homes and associated services; is there an opportunity to provide the same or better quality of care at a lower price via a different model, such as through community nursing homes or home-based care? Skilled nursing care costs significantly more in veterans homes than at community nursing homes. Pennsylvania and the federal government spent \$233 million caring for 886 residents in the six veterans homes (IFO

2021). That amounts to an average expenditure of \$262,980 per veteran per year. As a point of comparison, Medicaid indicates that costs to the resident for nursing home care in a private room across the Commonwealth range from \$96,000 to \$165,000 per year¹. Thus, civilian equivalents, even at the upper end of the cost spectrum, come in well under the annual cost per veteran at Commonwealth operated veterans homes. Pennsylvania could potentially reallocate between \$86.8 million and \$147.9 million dollars if its model of care for older veterans is modified.

In the case of veterans' homes, wherein private sector alternatives exist for care of elderly veterans, the question becomes whether the higher operating costs are worth the benefits the clients receive from living in these facilities. Without knowing the factors that drive veterans toward veterans' homes, questions remain about whether veterans homes should be funded at the current levels. An evaluation of the state veteran home system could identify why state veterans homes costs are significantly higher than in the civilian sector as well as opportunities to reduce those costs. Metrics comparing veterans homes to other nursing facilities in Pennsylvania demonstrate that occupancy rates are comparable. Veterans homes are rated higher in Centers for Medicare and Medicaid Services composite quality scores and higher in the number of nurse staffing hours per resident per day. Yet, these metrics likely do not appear, at face value, to justify the significantly higher operating costs of veterans homes. In addition, the Center for Medicaid Services notes that proximity to one's support network/community is an important consideration for resident's quality of life and care above and beyond living at a higher rated facility. With consideration of these factors, reducing the costs to operate veterans homes could allow for better provision of care for our elderly veterans as well as the provision of other needed services for veterans in the Commonwealth. A few of these efforts and needed services are detailed below.

Although many veterans are doing well, there is a significant percentage of veterans struggling with the transition to civilian life (Perkins et al., 2019). This is especially concerning given the existence of a variety of promising transition initiatives. Many evidence-informed prevention strategies can help assist veterans before they struggle. However, many veterans fail to engage in the resources available to them often because they do not know where to go for help or do not know what they are eligible for. One promising strategy is to reduce barriers to service utilization via a coordinated care, case management model (Shumate, 2021). An important starting point for any model of care coordination is to employ a screener to identify veterans and their needs, which initiates a variety of cascading supports depending on eligibility and co-occurring risk factors. To undertake this strategy additional funds would need to be proportioned or redistributed to the DMVA's budget to deliver effective and efficient outreach to encourage the use of veterans' benefits.

¹ Private sector costs for nursing home care vary based on several factors (e.g., location, services required, amenities), making cost estimates challenging (www.medicaidplanningassistance.org/nursing-home-costs/).

Another initiative would be to provide staffing and funding to help veterans and their spouses with occupational licensure assistance (e.g., reciprocity, license by endorsement, expedited application processing, and fee waivers). In the education domain, funds could be devoted to rectifying the GI Bill housing allowance payment gap that occurs during school breaks (e.g., winter break and summer break).

If dollars can be reappropriated from the veterans homes budget by caring for elderly veterans in different ways, there are numerous other strategies worthy of consideration including additional employment efforts to attract and retain veterans to PA. Directing funding toward the use of evidence-based programs to prevent veteran suicide as well as directing funding toward providing veteran services to residents who have been discharged from the military with an administrative discharge (i.e., Honorable, General under Honorable Conditions, and Other than Honorable characterizations) are some additional initiatives that are worth investigating.

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