

**Report Annual 2011**

**Commission on State and Veterans Nursing Homes**

Submitted to

The Honorable John W. Hickenlooper, Governor, State of Colorado

Reggie Bicha, Executive Director, Colorado Department of Human Services

Members of the Colorado Senate:

Committee on State, Veterans and Military Affairs

Committee on Health and Human Services

Members of the Colorado House of Representatives:

Committee on State, Veterans and Military Affairs

Committee on Health and Environment

December 2011

## **Commission on State and Veterans Nursing Homes**

(statutory qualifications in parentheses)

### **James C. Bobick, Chair**

(Veteran and Member of State Board of Veterans Affairs)

### **Patricia Jo Kendall, Vice Chair**

Director of Home Care and Clinical Director, Life Adjustment Program

Hilltop Residential Services, Grand Junction

(Expertise in nursing home operations, current nursing home administrator experienced in nursing home financial operations)

### **Shelley K. Hitt, Secretary**

State Long-Term Care Ombudsman

(Ombudsman)

### **Virginia A. Bedford**

Director of Resident Services for a Colorado non-profit nursing home management company and retired Policy Analyst, Medicaid nursing homes

(Expertise in nursing home operations, experience in multi-facility management of nursing homes)

### **Lewis H. Entz**

Farmer and retired State Senator

(Veteran)

### **Alexandra E. Hall**

Director, Labor Market Information/Chief Economist

Colorado Department of Labor and Employment

(Veteran)

### **Justin Martinez**

Nursing Home Administrator, Emeritus at Green Mountain, Lakewood

(Expertise in nursing home operations, current nursing home administrator experienced in nursing home financial operations)

**Commission on State and Veterans Nursing Homes**

Ground Level, 1575 Sherman Street  
Denver, CO 80203

Letter of Transmittal

December 9, 2011

The Honorable John W. Hickenlooper, Governor  
State of Colorado  
State Capitol Building  
Denver, CO 80203

Mr. Reggie Bicha, Executive Director  
Colorado Department of Human Services  
1575 Sherman Street  
Denver, CO 80203

Members of the Senate Committee on Health and Human Services; the House Committee on Health and Environment; and the Senate and House Committees on State, Veterans and Military Affairs

Dear Governor Hickenlooper, Mr. Bicha, and Committee Members:

As required by statute, the 2011 Annual Report of the Commission on State and Veterans Nursing Homes is attached for your review. It was my honor to chair the Commission this year and I am pleased to report on the variety of important issues addressed by the Commission in 2011.

Once again the Commission members demonstrated great interest in achieving the successful operation of the state veterans nursing homes. We believe you will find in this report that the veterans nursing homes have completed a successful year and that the Commission appreciates the fine work of many parties involved in this enterprise.

Speaking for each member of the Commission, it has been a privilege to serve on a commission of importance to the veterans and other residents of the homes, to their families, and to the citizens of the State. We look forward to again working with and assisting these constituencies in 2012.

Very truly yours,

/s/ James C. Bobick, Chair

## Annual Report 2011

### Board of Commissioners of State and Veterans Nursing Homes

#### Introduction

The state of Colorado has five veterans nursing homes, one of which is operated by a local hospital district (Walsenburg), the others operated by the state Department of Human Services, Division of State and Veterans Nursing Homes. The official names of the homes are as follows, although this report uses the commonly used, shortened names of the homes:

Bruce McCandless Colorado State Veterans Nursing Home, Florence

Colorado State Veterans Nursing Home at Fitzsimmons, Aurora

Colorado State Veterans Nursing Home, Rifle

Colorado State Veterans Nursing Center at Homelake

Colorado State Veterans Nursing Home, Walsenburg

In legislation enacted in 2007 the Colorado General Assembly created a seven member Commission on State and Veterans Nursing Homes and assigned the Commission the following duties:

- Advise the Office of State and Veterans Nursing Homes and each of the individual homes;
- Provide continuity, predictability, and stability in the operation of the homes;
- Provide guidance to future administrators at the homes based on the collective institutional memory of the board of commissioners. (Section 26-12-402 (2), C.R.S.)

The legislation requires that the Board of Commissioners prepare an annual report of issues and recommendations of the board to be submitted to the Governor and to the Executive Director of the state Department of Human Services and that an electronic version of the report be furnished to the following legislative committees: Senate Committee on Health and Human Services; House Committee on Health and Environment; and House and Senate Committees on State, Veterans, and Military Affairs.

The legislation directs the Commission to obtain information on topics of importance to the successful operation of the homes – the financial status of the homes, the progress of capital construction projects, issues of resident care as reported in surveys conducted by outside agencies, consultant reports, and reports from the division and the state Department of Human Services, and other resources. The Commission has direct access to the consulting contractor working with the homes and receives oral and written reports from this resource.

The Commission met five times this year to complete its work. The Commission participated in the annual joint meeting with the state Board of Human Services and the state Board of Veterans Affairs. Introductory meetings were held with the executive director of the state Department of Human Services, Reggie Bicha, and with the nursing home administrator at Walsenburg, Marty Schlink. Other nursing home administrators and their key personnel met with the Commission as well as the DHS personnel administrators responsible for the homes.

All of the statutory mandates were met by the Commission this year and this report details the work and the Commission's findings. There is one recommendation for statutory clarification the the Commission submits for consideration and this brief section is followed by the important findings concerning the quality of care provided by the homes, the financial status of the homes, the Commission's response to the report of the Office of the State Auditor, in so far as the report affect t the work and responsibilities of the Commission. We also submit our findings on the work and responsibilities of the Commission. We also submit our findings on a computerized system that should be beneficial in the physical maintenance of the homes – the Maximo System – which is being implemented by the Department of Human Services. This system has been met with some skepticism and the Commission expresses its support for its implementation. Finally, a private effort, which received state sanction, to beautify parts of the campus at Homelake is described in this report.

#### Legislative Recommendation

The Commission recommends that the name of the Commission be amended by dropping the word "and" from its present title, the "Board of Commissioners of State and Veterans Nursing Homes," to read: "Board of Commissioners of State Veterans Nursing Homes." There is no longer a state nursing home with the divestiture of the Trinidad State Nursing Home to a private corporation so the Commission name in statute is no longer accurate.

Legislation in the 2010 Session contained several technical corrections to the Commission statutes. These changes were included in the "Revisor's Bill," the technical revision legislation of the Office of Legislative Legal Services. The change of the title of the Commission was submitted last year for inclusion in the Revisor's Bill but this amendment was considered more substantive than appropriate for it to be included. The Trinidad transaction is now completed so the name change should be possible as a technical amendment. Similarly, there is a definition which refers to the Division of State and Veterans Nursing Homes and we recommend correction of this reference as well. The statutes to be amended are in section 2-12-401, C.R.S., et.seq. seq.

The Commission, therefore, submits this recommendation for legislative change by the General Assembly in the 2012 session, either as a separate bill or with other statutory amendments that the Department of Human Services might need.

#### Measures of Quality

There are a number of ways by which nursing homes may measure the quality of care provided to their residents. No single measurement will provide an overall view of the quality provided so the Commission receives reports from several sources to keep informed on the developments at the veterans homes. First, the results are received of the surveys conducted by the Department of Veterans Affairs

(VA) and the Colorado Department of Public Health and Environment (Colorado DPHE) and the veterans nursing homes have done very well in the last year.

In regard to the VA surveys, the division reports that there has been an overall improvement of 92.5 percent in the survey scores over the last five years. In comparison with other homes in Colorado as surveyed by the Colorado DPHE, our veterans homes have had fewer than the average number of deficiencies for the last three years. In fiscal year 2010-11, three homes had no deficiencies in their VA surveys. Two homes had only one out of 158 possible deficiencies and the same homes had four deficiencies provisionally met out of the possible 158. The division overall has made substantial progress in reducing deficiencies to the state and VA surveys at their homes.

The consulting firm for the division, Pinon Management, reports at every meeting addressing its findings as consultants at each of the homes: areas in which improvements are noted; areas needing improvement; and areas considered stable. The results of the “dashboard” of MyInnerView are reported by Pinon which provide a snapshot of how the veterans homes in Colorado compare with nursing homes in the nation with respect to nine quality indicators of resident care (e.g., resident falls, use of restraints, weight loss or gain), staffing (e.g., nurse stability), and occupancy. The Commission is pleased that Pinon will continue its consulting role with the homes under a new contract with the department effective July 1, 2011.

It is difficult to generalize on the findings of the consultant and of the dashboard since the results vary from one month to the next. The consultants have been working with the homes in the prevention of falls, limiting the use of restraints, and reducing the number of residents on antipsychotic medications. These are among the most important areas of consideration involving the health and safety of the residents. Staff training in dealing with the issues, such as prevention of falls, has resulted in improvement in these areas of critical concern.

The one area in which some of the homes score low is occupancy. The division goal is to have at least 85 percent occupancy and that has been achieved at Fitzsimmons, Florence, and Homelake, although not at the Homelake domiciliary. The longer than expected reconstruction of the domiciliary units resulted in the elimination the wait list for these units but the current census has picked up with 38 of the 60 units presently occupied.

Rifle is below the census mark at the time of this report and, with major remodeling taking place in the coming year, it is expected that an increase in the census will not be seen until after construction is completed. Rifle, for the second time, received a MYInnerView customer satisfaction award, one of the few homes in Colorado to be so recognized. Rifle was at the top in all of the family surveys in the MyInnerView data base models for all of the states.

#### Culture Change and Eden Certification

As reported in the 2010 Annual Report, Florence had received Eden Alternative certification last year. The Commission is pleased to report that this year Fitzsimons received this certification by which it became one of the four state veterans homes in the nation to be added to the Eden Alternative registry of homes that embrace long-term culture change. The idea of culture change is to offer person-centered care, which seeks to eliminate loneliness, helplessness, and boredom of long-term residents, thus offering a

better life for the residents. We anticipate that Homelake will be the next Colorado veterans home to receive this recognition, possibly in 2012 or 2013.

### Financial Report

Along with issues of quality of care of residents, a major focus of the Commission continues to be on the financial condition of the homes. For the first time since 2006, all the state veterans' homes are reporting profits. This trend started in July 2011 and has continued through the time of this report. That the homes need to show a "profit" is important for their sustainability as there are minimal state general funds appropriated for their operation. In addition, the division needs to have money to pay its bills – salaries and other operational expenses – and it currently had \$4.1 million in reserve for this purpose.

While the division as a whole has shown profitability in recent years, until this year not all of the homes have been in the black. Now they are. The financial drain needed to subsidize the Trinidad State Nursing Home is over with the sale of this property and the four remaining veterans homes have improved their census and have engaged in cost containment which has allowed them to show profits.

Cost containment will continue to be of major importance to the Commission in 2012. Congressional action to reduce the nation's fiscal debt has affected the budgets for the homes for the current fiscal year and will probably continue for years to come. There was an eleven percent cut in Medicare reimbursement effective October 1, the start of the current federal fiscal year, with additional cuts in the offing. The budgets of the homes have been adjusted for the current year to deal with these reductions but continual emphasis on improving the census and implementing addition cost containment measures are the only means of keeping the balance sheet in the black.

### Audit of the Division

A thorough performance audit of the division was completed by the Office of the State Auditor in August after a two month review of all aspects of the division's organization and responsibilities. The report is available from the division or from the Office of State Auditor so attached to this report is a summary of the audit findings and recommendations and the response from the state Department of Human Services to each of the recommendations.

The view of the audit taken in this report, however, is to offer comments and responses from the Commission's point of view, not to respond for the division or to the department. The Commission looks at the Audit Report as something of an action plan for continuing review.

Audit Recommendation No. 1 relates to resident census goals:

- (a) Work with the homes to identify the break-even point of each home and establish goals that are high enough to provide sustainability;
- (b) Incorporate the census goals into marketing strategies;
- (c) Monitor the goals regularly and adjust, if necessary;
- (d) Evaluate and adjust staffing levels, as appropriate

Commission Comment. These are common sense recommendations with which the Commission (and the department) is generally in agreement. Census is a critical component of financial sustainability.

The overall goal for the homes has been set at 85 percent and the Commission reviews the census performance at every meeting. As noted elsewhere in this report, all of the homes are currently reporting profits but their profitability is not based entirely on the census. Expenses are watched carefully by the division and efficiencies in operation are always under review by the division and the Commission.

Audit Recommendation No. 2 concerns the resident mix and the various levels of reimbursement provided by the VA, Medicare, Medicaid, and private pay residents.

- (a) Work with the homes to determine the optimal resident mix at each home;
- (b) Require staff to monitor actual resident mix and update census goals to reflect differences in resident mix. Incorporate resident mix into marketing strategies.

Commission Comment. The resident mix is a key component in the budgeting process for each home but the homes do not refuse admittance to eligible persons based on their insurance. The Commission will continue to consider these recommendations in its census review. In addition, the Commission has been briefed on the marketing activities at the homes and will continue to recommend new possibilities in marketing for potential residents.

Recommendation No. 3 of the report relates specifically to the organization of accounting and marketing functions at the homes and, more generally, to the extent of centralization of functions at the state level. The recommendation listed the following items for evaluation:

- (a) That the staff at the division and the homes have clearly defined roles for the marketing and accounting and that these roles are not redundant or duplicative;
- (b) That the consulting services are not duplicative of what the homes and the division are doing;
- (c) That the consulting services for marketing and accounting are regularly evaluated for accountability, cost and quality;
- (d) That the marketing and accounting functions at the homes could or should be consolidated or centralized;
- (e) That the staff are trained on the organizational framework that has been put into place

Commission Comment. These recommendations make sense to the Commission, recognizing, however, that further study is needed before consolidation or centralization of functions such as marketing or accounting should take place. Whether the accounts receivable, for example, would be better handled for all homes at the central office or at the local level cannot be answered without information and data that needs to be collected. In addition, the extent to which the marketing and accounting efforts are being duplicated by the homes and by the outside consultant will need a detailed review. The Commission will take an active role in discussions of these matters to be sure that whatever decisions are made are based on sound data, consideration of what is needed by the homes, and the actual extent to which efficiencies can be achieved for the system.

The Audit Report Recommendation No. 4 concerns rules or guidelines for the fiscal performance of the homes. The audit recommends that written rules or other guidance be established that define the division's role in monitoring the financial performance and solvency of the homes and that the rules or



guidelines include clear direction or responsibility in setting financial goals such as those relating to resident census and mix.

Commission Comment. The Commission is not aware of problems that have occurred in regard to the lack of guidance by the division regarding the monitoring of the financial status or in the budgeting process at the homes. The Commission believes that it has been fully informed on the financial performance of each home and that further rules in this regard may not be necessary. As for budget preparation, the Commission's role should be restricted to that of oversight. The Commission, however, is skeptical that additional rules are necessary in the highly regulated field which has both VA and state surveys as well as oversight by the Commission.

Recommendation No. 5 relates to performance evaluations of the division director and the nursing home administrators. The two recommendations are:

- (a) Establish evaluation measures of staff performance to adequately evaluate staff related to maintaining the solvency of the homes, including measures based on resident census and mix goals;
- (b) Separate solvency measures from nonfinancial measures in the evaluation scores.

Commission Comment. These recommendations appear to be based on good management practices and the performance evaluations in use have resulted in the removal of a number of high level staff who were not performing adequately either in the care being given or in the financial stability of the homes. However, the individual performance review of the staff is an area that is not within the Commission's purview, nor should it be. The second recommendation is being implemented and should assist the Commission by providing separate reporting on the financial and quality of care objectives of the homes.

Recommendation No. 6 pertains to the department's oversight of each home's financial performance:

- (a) Identify reporting needs not now available in the department's Matrix Achieve system;
- (b) Evaluate whether software upgrades will address those needs;
- (c) Implement new software, if warranted.

Commission Comment. The Commission is in agreement with these recommendations and encourages the division to complete its studies and follow through with a request for proposals (RFP) as soon as possible. Cost of electronic medical records are likely to be significant in the near term but conversion to this record keeping system is expected to be required in the future, possibly in a few years. Responses to a department RFP for upgrades in the Matrix Achieve system are due in March, 2012.

Recommendation No. 7 relates to the completed sale of the Trinidad State Nursing Home, particularly to the payment of \$2.0 million to the State Board of Community Colleges and Occupational Education (Community College Board) for land transfer under the original terms of agreement between the state Department of Human Services and the Community College Board. Without going into the details of the transaction, the Audit Report found that the department had not maintained documentation

to support its determination that \$2.0 million was an appropriate price to pay the Community College Board for the reversion right attached to the title of the Trinidad home. The report stated “Without documentation to support how the Department determined \$2 million was appropriate, the Department cannot demonstrate that it acted in the best interest of the homes.”

Commission Comment. The Commission was not directly involved as a party in the details of the sale of the Trinidad facility and we do not disagree with this finding. However, we were kept informed of the progress of the transaction and we carefully followed and actively supported the department in the divestiture of this property. It was critical for several reasons that the Trinidad home be sold but, primarily, Trinidad represented a substantial and continuing financial drain on the other homes. The extent to which negotiations with the Community College Board would have been fruitful is unknown but additional delays in the process of the sale would have had a negative effect on the veterans homes. The sale has been completed and the four veterans homes are no longer subsidizing the financial losses experienced at Trinidad.

### Homelake Beautification

Congratulations are in order for Commission member Lewis H. Entz for organizing and coordinating a successful effort in the beautification of the Homelake campus. This project, which would have cost an estimated \$200,000, was completed by the cooperative, volunteer efforts of private contractors, the six counties in the San Luis Valley, and private donations by interested organizations, all spearheaded by Mr. Entz. A contract was entered into between the Homelake Foundation and the volunteer contractors who did the work for the project, which was sanctioned by the state.

Key components of the project were removal of several unsightly features on the grounds of the nursing home. A row of “trash” trees next to the cemetery was taken out and a cement pad was removed that had been the garage floor long after the garage was torn down. An unsightly fence was taken down, replaced by a chain link fence that is installed between the Homelake property and the adjacent property to the west.

The construction side of the project included the building of a slope for a newly developed area to provide drainage and build low parts up to grade to remove areas of standing water after rain or snow. Old, worn out asphalt was removed and replaced with 4 inch new asphalt. A loop road was constructed around the north side to connect with roads on either side of the cemetery and to also provide a turnaround for car traffic. A gravel road was constructed over a sewer line to provide access to the line of that should become necessary.

### The Maximo System

The Maximo System is a computer based management system to handle work orders at the numerous facilities of the Department of Human Services. This system has been in use for a number of years in all of the physical plant facilities of the department except for the veterans nursing homes and it is now being installed for use at the nursing homes with completion projected by the end of the current fiscal year. The nursing home administrators and the Commission are strongly committed to seeing this system fully implemented and the Commission believes that it will be successful in numerous ways when operational.

Benefits the Commission sees in the Maximo System include the reduction in the administrative workload of the maintenance supervisors. Work orders currently are written down and handed to the maintenance staff. The work is completed as written and the work orders typically go on a pile to be filed at some future time. Since there is virtually no administrative support at this level, the paperwork tends to remain unorganized. Under Maximo, the work needed will be called into a central office at Fitzsimons and the work orders will be computer generated immediately and sent to the home. The report of completed work will be sent to the central office for filing. Maximo will take that administrative workload of pushing paper, making reports, filing and other such duties out of the hands of the maintenance supervisors.

We would emphasize that the Maximo System will not interfere or diminish the responsibilities or decisions of the maintenance supervisors at the homes. Emergencies can be handled first and reported after the problem is fixed. The system offers additional benefits such as providing a regular schedule for preventive maintenance duties and improved control of labor that needs to be contracted out for specialized equipment. For example, the need for contracted labor could possibly be reduced based on the data obtained from the Maximo system.