



South Dakota Legislative Research Council

Issue Memorandum 94-13

STATE VETERAN'S HOME AND HOSPITAL

The South Dakota State Veterans Home and Veterans Administration Medical Center were established to meet the health needs of this state's veterans. The Department of Military and Veterans Affairs oversees the operations of the home, while the hospital is under the auspices of the federal government. Located in Hot Springs, the state veterans home and the VA hospital provide both residential and medical services to the state's veterans.

The Dakota Soldiers Home was formed in 1889; its name was changed to the South Dakota State Veterans Home in 1967. Services are provided to South Dakota residents who are honorably discharged, wartime veterans, and veterans' spouses. SDCL 33-18-22 addresses eligibility for admission to the veterans home. This section states that any veteran (as defined in 33-17-1) who was honorably discharged, "who has been a resident of the state for a period of one year next preceding the date of the application" (for admission), and whose income does not exceed by more than one thousand dollars annually, "the maximum income limitation for pension benefits as determined by the Veterans Administration, is eligible for admission to the state veterans home." War veterans meeting the residence requirements who have a rating of total disability, again as defined by the Veterans Administration, are also eligible for admission. Any veteran serving in a South Dakota regiment during wartime likewise

meets the residency requirement.

For any spouses of deceased veterans in need, there are provisions for admission to the home. SDCL 33-18-24 states that any widow or widower of a deceased veteran may be admitted upon meeting specified criteria. These individuals must not be remarried, have been married to the deceased veteran within one year prior to date of death and living together during that period except "where there was a separation which was due to the misconduct of , or procured by the veteran without fault of the spouse." The deceased veteran must also have been eligible for admission for the spouse to be admitted. Regulations mandated by the Veterans Administration require that the home's non-veteran residents comprise no more than 25 percent of the total resident population. With these exceptions, the spouse is subject to the same rules as veterans living in the home.

South Dakota law mandates that the home have local management. SDCL 33-18-4 details the qualifications of the home's superintendent. According to this section, the superintendent is the executive head of the veterans home and must devote full-time efforts to the duties of this position. The superintendent must be "a citizen of the United States, a resident of South Dakota, and an honorably discharged veteran as defined in 33-17-1."

The federal government does not oversee the operation of the home. Still, the home's administration and the Department of Military and Veterans Affairs must remain cognizant of federal specifications to preserve home members' health and comfort, according to SDCL 33-18-2. While the national government is not scheduled to provide funding for the home's operation in FY95, this section's intent is to ensure the state continues to receive "such aid as is usually extended by the national government to states which maintain institutions of the character of the state veterans home." There are cases where federal funding is dependent upon meeting mandates from the national government. An example, to be addressed later, includes the home's proposed expansion, which was debated during the 1994 Legislative Session. Of the Department of Military and Veterans Affairs total budget, 48 percent is federal funding. The department's budget is \$11,520,701, with \$5,569,886 of this total representing federal support.

The state veterans home's budget comprises the second largest component within the Department of Military and Veterans Affairs, behind the National Guard. Total funding approved for the home in FY95 is \$3,054,916. This accounts for 90.0 FTE, which is 40 percent of the department's total of 227.4. There are no federal funds provided for the home's operation. Funding is comprised of \$1,131,026 general funds and \$1,923,290 other funds. These other funds, comprising the majority of the operating expenses, are generated through the home's residents.

Residents pay for approximately 63 percent of the home's operating budget. Statutory provisions ensure the state receives payment

from residents. Moneys the state receives are paid into the home's capital fund for repairs, equipment, improvements, or construction. SDCL 33-18-12.1 deals with the state's receiving payment in advance of a resident's death. This section allows the resident to pay the state home the full maintenance charge for each month the veteran was in the home. This applies to residents who are discharged prior to death.

The maintenance charge refers to the monthly expense incurred for care provided to an individual resident. The home's administration calculates this fee on a personalized basis. Different services are provided to residents, based on each member's needs. The actual cost of the services provided is taken times the number of days per month the person resides in the home. Members' contributions to their care are based on available assets. A sliding scale is applied to each situation. As members' assets increase, so does the contribution, up to a specified limit.

Every member of the home "who receives a pension, compensation, or gratuity from the United States government or sufficient funds from any source of more than fifty dollars" per month beyond the payments toward care of dependents is required to be paid toward "maintenance, care, or support" of the member. Such payments must first be taken from funding sources available to the resident other than Veterans Administration pensions or compensation. Once such options are eliminated, then payment from these pensions is allowable. These parameters are found in SDCL 33-18-10.

SDCL 33-18-15 provides for collecting debts owed by a deceased member of the veterans home. If there is an estate left by a deceased

member, the state is permitted to file a claim against the estate "in the amount of the full maintenance charge for each month the member was in the home, retroactive from the date of admission." These provisions apply when there is no surviving spouse. The state would receive payment before any inheritance was paid to adult children. Upon the death of the spouse, the state would be able to collect from the estate.

The functional capacity of the home is listed at 150 residents. This figure identifies the population that can be adequately served at the current funding level. If the population were increased, the staffing, supplies, and equipment levels would be deficient. A population of 140-145 residents is the ideal operating level for the home. At this point, there is sufficient staff and supplies to provide service to residents and it can be done at a profit. In the event the number of occupants drops below 130, operations become unprofitable again, due to an inefficient staff-to-patient ratio and lowered revenue. As of mid-July, the population was just over 140.

As previously mentioned, the 1994 Legislature heard testimony addressing possible expansion and renovation of the veterans home. A special appropriations bill enacted by the Legislature gave the Department of Military and Veterans Affairs the authority to expend \$389,700 in other funds for "renovation, updating, completion, finishing, equipping, and maintaining" of the veterans home. Work to be done includes "plumbing, water, sewer, electric facilities, furnishings, architectural and engineering services, asbestos abatement, site preparation, and construction of sidewalks, driveways, and parking facilities, and landscaping of the grounds."

Senate Bill 53 also provided authority to expend federal money. The authority granted totaled \$1,113,428 for the entire project, including the other funds from the department's budget. The additional authority was granted anticipating the receipt of a federal grant. This grant will be the primary funding for the balance of the project. However, private donations can also be accepted as long as the total expenditure does not exceed the budgeted spending authority.

The other fund authority granted for this project came from revenue generated from interest earned on trust accounts comprised of residents' personal funds. These funds were turned over to the home's administration by members to retain while the individual resided at the home. Over a period of years, the home's administration was free to invest these moneys put in the home's trust and keep the interest earned. The national government later required that the interest be paid back to the residents as well. Because the interest kept from previous trusts could not be traced back to the appropriate individuals, the money was placed in the home's capital fund and dedicated to improvements at the home.

The state veterans home does not meet the licensing requirements for nursing homes set forth by the South Dakota Department of Health. Instead, the home determines standards for itself based primarily on similar standards set by the Veterans Administration. Because the VA does not have a comprehensive list of specifications for nursing home-type facilities, the veterans home must form its own standards. In the future, the Department of Military and Veterans Affairs plans to contract with the Department of Health to inspect compliance

with these self-imposed standards. Currently, there is no agreement with any government entity to monitor compliance with any standards of care.

The Hot Springs VA Medical Center is entirely under federal authority. This 152-bed facility was constructed in 1925. Services provided in this facility, which provides both primary and secondary care, include general medical, surgical, psychiatry, and extended care. The primary service area (PSA) of the medical center includes about 32,000 veterans in predominately rural areas of South Dakota, Nebraska, and Wyoming. Due to the increasing percentage of veterans over the age of 65 and the distances some veterans must travel to receive health care in many rural areas, rural health care clinics have been established in Rushville and Alliance, Nebraska, and in Newcastle, Wyoming. Native American veterans constitute 20 percent of the veterans served.

The hospital is affiliated with several organizations to maximize resources. For instance, the Hot Springs VA Medical Center works closely with the Fort Meade VA Medical Center and shares equipment, personnel, contracts, and other resources. The Hot Springs VA Medical Center is affiliated with the University of South Dakota School of Medicine for training of sophomore and junior students. There is another affiliation agreement with South Dakota State University for clinical training of pharmacy and nursing students. Still another affiliation involves the College of Podiatric Medicine and Surgery, University of Osteopathic Medicine of Des Moines, Iowa, which consists of an internship and residency for training in podiatry. Affiliations with the University of Houston

and Pacific University provide opportunities for optometry students. The hospital has a staff of 500 employees, in addition to over 400 volunteers who provide assistance.

Due to financial restraints in the past few years, the federal government has moved to placing veterans in two categories to determine eligibility for treatment in a VA medical center, mandatory and discretionary. Veterans in the "mandatory" category shall receive hospital care and may receive nursing home care. The VA may provide hospital and nursing home care to veterans in the "discretionary" category. Those veterans in the "discretionary" category must agree to pay the VA a co-payment for their care before they will be considered eligible.

There are certain veterans in the "mandatory" category who are not subject to an eligibility assessment. These veterans are those who are:

- , service-connected veterans;
- , former prisoners of war;
- , veterans who were exposed to herbicides while serving in Vietnam or to ionizing radiation during atmospheric testing and in the occupation of Hiroshima and Nagasaki, and need treatment for a condition that might be related to the exposure;
- , veterans receiving a VA pension;
- , veterans eligible for Medicaid.

Regardless of age, non-service-connected veterans are subjected to an eligibility assessment.

For non-service-connected veterans with incomes at or below a predetermined level, hospital care is provided to all in the "mandatory" category. Nursing home care is based on the availability of space and

resources. Any veteran whose income is above the predetermined level is placed in the "discretionary" category. Those in the "discretionary" category must agree to pay a deductible equal to the amount charged under Medicare and a co-payment which is calculated based upon the type and length of care provided. Both hospital and nursing home care are based on space and resource availability for all in the "discretionary" category.

Members of the South Dakota State Veterans Home are conveniently positioned to receive treatment at the Hot Springs VA Medical Center, yet it is important for the public to know that these facilities are not both state-operated. The medical center is a federal facility, so it can and does take

qualifying veterans from outside the state's boundaries. While the federal government does not operate the veterans home, it is a significant partner. This is due to the funding it provides to other activities within the Department of Military and Veterans Affairs, such as the renovation project at the home.

This issue memorandum was written by Chris Eitemiller, Fiscal Analyst for the Legislative Research Council. It is designed to supply background information on the subject and is not a policy statement made by the Legislative Research Council.
