A New Approach to California's Veterans Homes

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LITTLE HOOVER COMMISSION

DEDICATED TO PROMOTING ECONOMY AND EFFICIENCY IN CALIFORNIA STATE GOVERNMENT

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To Promote Economy and Efficiency

The Little Hoover Commission, formally known as the Milton Marks "Little Hoover" Commission on California State Government Organization and Economy, is an independent state oversight agency.

By statute, the Commission is a bipartisan board composed of five public members appointed by the governor, four public members appointed by the Legislature, two senators and two assemblymembers.

In creating the Commission in 1962, the Legislature declared its purpose:

...to secure assistance for the Governor and itself in promoting economy, efficiency and improved services in the transaction of the public business in the various departments, agencies and instrumentalities of the executive branch of the state government, and in making the operation of all state departments, agencies and instrumentalities, and all expenditures of public funds, more directly responsive to the wishes of the people as expressed by their elected representatives...

The Commission fulfills this charge by listening to the public, consulting with the experts and conferring with the wise. In the course of its investigations, the Commission typically empanels advisory committees, conducts public hearings and visits government operations in action.

Its conclusions are submitted to the Governor and the Legislature for their consideration. Recommendations often take the form of legislation, which the Commission supports through the legislative process.

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Letter from the Chair

March 1, 2017

The Honorable Kevin de León
President pro Tempore of the Senate
and members of the Senate

The Honorable Jean Fuller
Senate Minority Leader

The Honorable Anthony Rendon
Speaker of the Assembly
and members of the Assembly

The Honorable Chad Mayes
Assembly Minority Leader

Dear Governor and Members of the Legislature:

California opened its first veterans home in the heart of the Napa Valley in 1884 – the same year the cornerstone for the Statue of Liberty was laid in the New York Harbor and the Washington Monument was completed on the National Mall in our nation's capital. Like these icons of our nation's strength and values, California's veterans homes have endured as a representation of the state's unwavering commitment to service members who have given of themselves to protect those values.

But California's veterans homes are more than just monuments. For those few who land a spot within one, they become homes in the truest sense. They provide shelter, nourishment, community and support for those who are aging and frail, as well as those whose injuries – both visible and those that go unseen – leave them incapable of caring for their own health.

This care, however, comes at a cost.

Veterans homes in other states have demonstrated that, through fiscal policies and limits on the level of care and services provided, it is possible to operate with little to no state funding. In contrast, California's eight veterans homes will cost the state General Fund approximately $185 million in fiscal year 2017-18, after collecting all revenue due from the federal government and other sources. With a budget to fill 2,610 beds, this will amount to a cost of approximately $71,000 per bed for the year.

Given that the great majority of California's 1.7 million veterans are likely to never step foot within the walls of one of the veterans homes or directly benefit from such a subsidy, the Commission asks policymakers to consider: Should California revise its veterans homes program to make it more self-sufficient, while identifying additional strategies to use the savings to support more veterans in need?

The Commission's answer is an emphatic yes.

California must take steps to ensure that the debt society owes to veterans is paid in full across the spectrum, not just to a particular few. The Commission is not advocating reneging the promises already

made to current residents or those veterans waiting to get into a home. The Commission is advocating that state leaders question assumptions and past decisions about what kind of care veterans want and need and how it is best delivered. Times and circumstances change and California must incorporate the best new vision for veterans care.

And it specifically means considering why we continue to maintain our veterans homes program as is, without ensuring it offers the best model of care for our neediest veterans.

California veterans leaders and policymakers need more information about the state's veterans – who they are, where they live, their health status and needs – and the services available to them. The California Department of Veterans Affairs (CalVet) should take the lead in collecting this information and use answers to guide decisions about the veterans homes program and other veterans services. CalVet leaders, too, should regularly evaluate the services offered among the homes and ensure that they are appropriate for current and future veterans. Given the changing needs and demographics of the veterans population – which is at the same time shrinking, aging, and becoming more diverse – viable options should include modifying the types of services provided in the homes, repurposing aging homes or redirecting investment towards other home and community-based care options.

Likely, the need for the veterans homes will remain for some time. However, California should ensure that the most vulnerable veterans are among the first to be offered care. The homes also should reduce care options by intelligently revising the domiciliary program for veterans who can still care for themselves and taking steps to increase availability of beds for the growing number of veterans in need of skilled nursing and memory care. To shore up funding for the homes, policymakers must reexamine fiscal policies and introduce reforms that allow the homes to maximize revenue collection and function more self-sufficiently.

Finally, the 615-acre campus at Yountville, unique among California's veterans homes, offers opportunity to reimagine the types of programs and services available to veterans. The Commission heard testimony about specific infrastructure challenges afflicting this historic home and also met in Yountville with CalVet officials, infrastructure financing experts, community advocates and Yountville home residents to consider the future of this campus. Because its challenges are so complex, the Commission will continue to consider opportunities for the state to make the best use of this campus with a public hearing in Sacramento in June 2017.

As the Commission launched its review of the state's veterans home program in October 2015, in response to a request from Assemblymember Jacqui Irwin, chair of the Assembly Committee on Veterans Affairs, Commissioners and others had concerns with inconsistent leadership at the top reaches of CalVet. Since the appointment of the current Secretary, Dr. Vito Imbasciani, a practicing physician and military veteran, much has changed to offer hope. In short, the Commission has been encouraged by his calls for bold reform. To that end, the Commission respectfully offers its findings and recommendations in the hope of advancing reform and helping ensure California does its best to care for those who have served and sacrificed for us, and stands prepared to assist.

Pedro Nava
Chair, Little Hoover Commission

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Executive Summary

For more than a century, California, like many states across the nation, has proudly maintained homes for veterans and their spouses. Indeed, the state's commitment to giving back to those who have served us all is so strong that in the late 2000s, as many among the Greatest Generation began to age, Californians approved spending to nearly double the capacity of its veterans homes system from 1,984 beds in three homes to nearly 3,000 beds in eight homes. The California Department of Veterans Affairs (CalVet) broke ground on its new homes in June 2007 and for the next six years undertook unprecedented construction which culminated in October 2013 with the opening of the two newest homes in Fresno and Redding. As a result of this building spree, California today boasts the largest system of veterans homes in the nation. Within these walls, veterans are offered a range of services including independent living, assisted living or residential care, intermediate care and skilled nursing for veterans who are age 55 or older or are disabled or homeless and in need of long-term care.

California's Veterans

Most of the veterans currently living in the state's homes served during World War II and the Korean War. Generally, veterans from these conflicts arrived later in life in good health and with sufficient resources to care for themselves. However, an increasing number of home residents served during the Vietnam War and come to the homes in poorer health than those serving in earlier cohorts. Many have complex physical and mental health needs, some of which the homes are not yet capable of addressing.

But, residents of these eight homes – approximately 2,700 individuals in 2015-16 – represent just a fraction of the more than 1.71 million veterans who currently live in California. Of them, approximately 1.11 million, or about 65 percent, are over the age of 55. An alarming number of California's homeless are veterans, many of whom also are aging. Research suggests California's aging veterans already have more challenging health needs than their predecessors and this trend is likely to continue. In the coming decades, California's population of veterans also will both shrink and become more diverse in terms of gender, race and ethnicity. Researchers anticipate that compared to their younger comrades, those serving in the Gulf War and the most recent conflicts in Iraq and Afghanistan, may need support earlier in life and for more years due to the severity of their service-connected disabilities.

The Cost of the Veterans Homes

California's veterans home beds come at a cost, both in terms of the high price tag of health care, as well as the opportunity cost of not investing elsewhere. The state's eight veterans homes are expensive to operate and consume the lion's share of General Funds allocated to CalVet each year. In fiscal year 2017-18, California budgeted $306 million for the homes to fill approximately 2,610 beds.[1] This translates to a staggering $117,241 per bed. Yet the Commission found the math is more nuanced and complicated, as described in detail later in this report. In large part, the figure is not accurate because it does not account for revenue the state collects from individual residents, insurers and federal programs such as the U.S. Department of Veterans Affairs and the Centers for Medicaid and Medicare to offset the cost of the veterans homes. In 2017-18, revenue collections are likely to cover 39 percent of the total cost, leaving California taxpayers to pay approximately $71,000 a year per bed.[2] The Commission also found that policy choices significantly drive the costs.

Trends in long-term care show that in California and across the nation, investments are increasingly being made in community-based rather than institutional settings. Community-based services and supports generally cost less than institutional care, and also allow families to avoid potential hardships stemming from separation that is unavoidable in institutional care settings.

With this review, the Commission urges veterans, veteran leaders and policymakers to ask hard questions about why California continues to invest in veterans homes, and to consider when and where other options might allow California to help more service members with a similar level of investment. California should not maintain the status quo simply because we have always cared for aging and disabled veterans in distinct veterans homes. California's rapidly changing veteran population will undoubtedly redefine what types of services are needed, and soon. California should prepare now to thoughtfully consider how to meet the demands of tomorrow's veterans in the most fair and equitable way possible, while keeping promises to those who already depend on the veterans homes for their care. To start, the Commission challenges state leaders to redefine the role of the veterans homes in the 21st century and simultaneously examine the funding mechanisms to support the veterans homes.

Redefining the Role of California's Veterans Homes in the 21st Century

State policymakers and veterans leaders have the opportunity to boldly reconsider and renew California's commitment to its veterans and redefine how the state's veterans homes meet the needs of current and future veterans. Care must be taken, however, to account for the uniqueness of the various cohorts of veterans and ensure that what is done now to help the growing number of aging Vietnam veterans also can be useful in helping veterans who are now in their 30s and 40s. But the state's review must not focus solely on the population currently and potentially served within the veterans homes. Policymakers must look for opportunities to build a system of care for all California's veterans, of which the homes are one component. To begin, California's veteran leaders must conduct a needs assessment of the state's overall veterans population, as well as determine what services currently are available and where, and what else is needed.

Admission. With limited beds available to potentially thousands of veterans who could benefit, policymakers must begin by considering how benefits from the homes are distributed among the state's veterans and whether the homes offer the right kind of care. The Commission recommends policymakers more explicitly define the homes admissions priorities and reconsider the scope of care offered among the state's veterans homes.

Current policies provide admission for residents of the state who are aged or disabled and who were honorably discharged from active duty, as well as certain non-veteran spouses. Though residents are generally admitted on a first-come, first-served basis, priority may be granted for homeless veterans, Medal of Honor recipients, ex-prisoners of war and wartime veterans. Eligibility does not include a means test or consider a veteran's level of disability. However, if enacted, changes proposed in January 2017 as part of the budget would introduce these reforms.

Role of the Veterans Homes. California's veterans homes serve a wide range of residents – from those in need of little more than a roof over their head to those in need of around-the-clock nursing care. However, health care needs of California's veterans home residents, and potential residents indicate a growing need for skilled nursing beds, while demand for domiciliary beds – those offered to veterans generally capable of caring for themselves – is in decline. Demographic indicators suggest that this trend will only increase as more Vietnam-era veterans age. More recent veterans – including some of those recently returned from conflicts in Iraq and Afghanistan – are returning with serious service-connected disabilities and may need long-term services and supports. At the same time, there is an increasing need for housing options for veterans who are homeless or at risk of becoming homeless. As currently structured, the veterans homes generally offer long-term housing and are not set up to provide temporary housing for veterans who may need short-term assistance and health care.

Redefining California's Veterans Strategy. While policymakers are taking steps to right-size the veterans homes, they also should feel emboldened to consider strategies to more equably distribute the state's limited resources to facilitate care for more of the state's veterans. To ensure that care is provided where it is most needed, the Commission recommends streamlining the state's veterans homes program, potentially freeing resources that could be diverted to fill service gaps for more veterans in need. Some options:

- **Modify level of services provided in the veterans homes.** Veterans homes in many other

states limit care offerings to veterans in need of intensive skilled nursing. California, too, should gradually eliminate its domiciliary beds and, where possible, increase offerings of more intensive nursing care.

- **Repurpose the veterans homes.** Federal rules require states to maintain operations of veterans homes built with federal funds for 20 years or face a penalty. But, penalties are not incurred after this period should state leaders decide to close or repurpose a facility. Veterans leaders should regularly evaluate the effectiveness of each veterans home in meeting the needs of California's veterans. If there is little demand for a particular home, policymakers should reconsider how that facility might be better put to use to help veterans regionally.

- **Stop building homes.** In the past, policymakers have opted to build more veterans homes in order to expand services to California's veterans. However, trends in long-term care suggest that these "bricks and mortar" models of care have lost favor. Instead, older adults prefer care options that allow them to remain at home and in their communities, and communities throughout the state and country are responding.

- **Redirect investment toward home and community-based care.** With the bulk of CalVet's funding invested in the state's eight veterans homes, California lacks less-intensive options to assist older or disabled veterans who need some assistance, but would prefer to remain at home or in their communities. Yet, examples abound of programs that help individuals before they need more advanced medical and nursing care. Policymakers should look for opportunities to facilitate partnerships among care providers and, if available, redirect savings from a streamlined veterans home program toward amplifying home and community-based services and supports for veterans.

Recommendations

Recommendation 1: The Legislature should amend the Military and Veterans Code to clarify the homes admissions policies and ensure access for the neediest veterans. Policymakers should consider prioritizing admission based on financial status, disability rating or other factors.

Recommendation 2: The Legislature should amend the Military and Veterans Code to eliminate domiciliary care from the state's veterans home program. Instead, the homes should focus on providing care for veterans in need of high-level medical care, such as skilled nursing care. Existing domiciliary residents should be allowed to remain in the state's veterans homes program as the state gradually moves away from domiciliary care.

Recommendation 3: To determine whether Calvet should repurpose or shutter one or any of the veterans homes, CalVet should establish a process to systematically evaluate and review each veterans home as it approaches its 20-year mark, and periodically thereafter, and make recommendations to policymakers regarding the future of the home. Such a review should include consideration of the needs of the regional veteran population, projections about the changing composition of the veteran population, as well as an assessment of resources available to serve them. Veteran residents, as well as community members and other stakeholders should have a participatory role in the process.

Recommendation 4: CalVet should conduct an assessment to consider the needs of California's overall veteran population. As part of this assessment, the department should project, to the extent possible, the needs of each cohort of veterans over the next several decades. In addition, the department should assess and catalog the array of services currently available for aged and disabled veterans, making this information available online in a user-friendly, searchable format, and identify any critical gaps in services given conclusions from the department's needs assessment.

Recommendation 5: As CalVet repurposes its veterans homes program savings should be redirected to home- and community-based veterans services.

Simplify, Stabilize Funding for the Veterans Homes

In fiscal year 2017-18, California's eight veterans homes received state funds totaling more than $306 million. After accounting for expected reimbursements which CalVet collects from the federal government, resident fees and other revenue sources, ongoing annual operational costs are likely to run California taxpayers upwards of $185 million. This amounts to a budget of approximately $71,000 a year per bed after reimbursements. Still, the average total cost per bed – approximately $117,000 – is a figure experts in long-term care say is more than enough to pay for exceptional private nursing home care in a high-cost state like California.[3] Other states have demonstrated that state-operated veterans homes can provide long-term nursing care with little impact to General Fund coffers. So too should California.

The process to determine how much it costs taxpayers to provide care in its veterans homes is overly burdensome, lengthy and opaque. CalVet is almost required to work backwards – to focus energy hunting down various revenue sources to make up for what was issued up front. To paint a complete picture of the homes' budget, CalVet officials must track revenue collection, sometimes for years. These practices – and the resultant high costs to the General Fund – stem from past policy decisions, many of which are codified in the state's Military and Veterans Code and in administrative regulations. It is time for an update.

Policymakers have a significant opportunity to re-think how California cares for its veterans and create a more efficient and effective system of care to help more of those who have served. Throughout its review, the Commission heard from veterans leaders, home administrators and others who suggested that by reforming several key financial policies, California's veterans homes could operate more efficiently. Legislative changes that govern how the homes collect revenue from several key sources – resident fees, health insurance programs and federal reimbursement programs – offer opportunities for savings:

Resident fees. Instead of charging veteran home residents a fee based on the cost of their care, the residents in California pay an amount based on a formula defined in Section 1012.3 of the Military and Veterans Code. Specifically, CalVet may charge 47.5 percent of a resident's annual income for domiciliary care, 55 percent for residential care for the elderly or assisted living, 65 percent for intermediate care and 70 percent for skilled nursing. Often, this fee covers just a portion of the costs, and after accounting for other forms of reimbursement, leaves the state footing the remainder of the bill.

In other states, the cost of care is established upfront and veterans are responsible for their share, using a combination of supports from the VA and other federal and state entitlement programs, private insurance and private pay. If this is insufficient, a resident may be required to spend down their assets until they are exhausted, and then enroll in the state's Medicaid program where the federal government contributes to the cost of their care. Policymakers should revisit the Military and Veterans Code to clarify that residents should be charged fees based on the cost of their care. Doing so might provide greater incentive for residents to maintain private insurance or enroll in other public assistance programs to help cover the cost of care.

Enrollment in health insurance programs. Collecting additional reimbursements from health insurance programs can significantly offset the cost the state incurs to provide care to veterans home residents, but California does not statutorily require veterans home residents to maintain annual coverage. Currently, state regulations only require potential veterans home residents to demonstrate that they have health insurance before they are admitted to a home. Veterans home administrators say that under the current policy, they do not have sufficient authority to enforce or require residents to maintain coverage and can only encourage residents to maintain insurance. However, without consequences, they say this is not enough. Senior CalVet officials, including the Secretary, have stated a desire to require that residents maintain insurance in order to help defray the cost of care.[4]

It is important to note that even for some veterans home residents who have health insurance, coverage may be insufficient to pay the costs of their care. Millions of Californians gained health insurance coverage through the Affordable Care Act, including an estimated 1.18 million who enrolled in Medi-Cal, California's Medicaid program. Because of their age, many veterans home residents

qualify for and receive Medicare benefits. However, these benefits may not cover all health care costs.
Per diem. Veterans homes in some other states limit admission to veterans who have high levels of disability, incurred during, or as a result of their military service. The U.S. Department of Veterans Affairs reimburses states for the full cost of caring for eligible "service-connected" veterans. Federal reimbursement for other veterans contributes to the cost of their care, but is insufficient to cover it completely.

California's veterans homes offer priority admission for certain veterans, such as prisoners of war, Medal of Honor recipients and homeless veterans, but do not grant priority based on a veteran's disability rating. While some believe service-connected veterans are most deserving of assistance because of the level of their disability, others caution that prioritizing admissions for this subset of veterans could be viewed as discriminatory. California's policymakers should revisit the veterans homes admission policies, including whether priority admission should be granted based on a veterans disability rating. At a minimum, CalVet should develop strategies to assist more veterans that qualify for the benefits which they are due.

By taking action to stabilize funding for the veterans homes, California has the opportunity to create a more efficient veterans home system and reduce the homes' reliance on General Fund support. Adjusting the veterans homes policies to reduce their dependence on state funding is not out of line with California's tradition, particularly if pared with other changes that might allow the state to reinvest savings in other programs to serve more veterans. The Commission advocates that savings be redirected toward supporting programs – and potentially different kinds of programs than are currently offered through the veterans homes – so that more than just a fraction of the state's veterans may benefit.

Recommendations

Recommendation 6: To streamline and modernize the state's veterans home program, the Governor and Legislature should amend the Military and Veterans Code to:

- Define the scope of benefits included for veterans home residents.
- Empower CalVet to establish daily costs of care per resident, for each level of care.
- Clarify that veterans home residents are charged fees based on the cost of care and may pay for those fees from various sources, including the U.S. Department of Veterans Affairs per diem and other reimbursements, health insurance or private income.
- Require veterans home residents to maintain adequate health insurance throughout their residence in a veterans home.

Recommendation 7: CalVet should amend regulations to specify consequences for residents who do not maintain adequate insurance coverage or otherwise pay their share of their costs.

Recommendation 8: To enhance fiscal transparency, CalVet should make available, online in an accessible format, its financial reports to the Legislature, which should be augmented to include:

- The amount of state funds budgeted to each home and the amount of revenue collected, and if necessary, the remaining amount of expected revenue, over a period of several years.
- The costs of care per resident, by level of care for each veterans home.
- The costs of facility maintenance, as well as projections for future maintenance costs, for each veterans home.

Introduction

The Commission began its review of the California Department of Veteran Affairs (CalVet) and its operation of the California veterans homes program with a hearing in October 2015. In part, this study allowed the Commission to follow up on previous recommendations issued in its 2013 report, *An Agenda for Veterans: The State's Turn to Serve.* In that report, which focused primarily on the quality and availability of veterans services for the nearly two million veterans residing in California, the Commission called on policymakers to improve veteran outreach and assist the federal government in reducing what was then an unconscionable backlog of claims processing for compensation and benefits for California veterans. The Commission purposely chose not to focus on the veterans homes in 2013, even though the veterans homes division was, and remains, a significant portion of the CalVet budget. Given CalVet's then-growing homes division and its new leadership after years of turnover, the Commission opted to give CalVet more time to implement a strategy for the homes and offer time for its leadership to gel.

Unfortunately, the Commission's optimism proved premature. In the two years between the Commission's August 2013 CalVet report and the September 2015 appointment of CalVet Secretary, Dr. Vito Imbasciani, the department's top management continued to experience high turnover rates. Indeed, before Secretary Imbasciani's appointment, the department had seen four secretaries in as many years – the longest serving just shy of two years. The same held true for the top leadership at most of the state's veterans homes.

In July 2015, Assemblymember Jacqui Irwin, chair of the Assembly Committee on Veterans Affairs, asked the Commission to take a new look at CalVet – this time specifically to focus on the veterans homes and the home loan program. In a letter to the Commission, the veterans committee chair stated, "CalVet has continued to be challenged in many areas, including an extremely high degree of turnover in the very leadership team noted by the Commission as critical to progress and the continued lack of a systematic approach." The department was struggling, she wrote, "to treat the home locations as a networked system and to have its regulatory and leadership structure keep pace with the growth." Assemblymember Irwin said the department must view the homes as a unified system and plan accordingly for the shifting demographics of the state's veteran population.[5]

With this review, the Commission did not explore, in depth, issues surrounding the governance or leadership of the homes. Though the historic turbulence at the top of the organization and an absence of leaders with medical training and experience running health care organizations has been cause for concern, the qualities of the current leadership exemplify the type of leader who should sit atop CalVet. Because the department, in many ways, functions as a long-term care organization that also offers services to the community, the Commission believes its leadership should have a skillset that includes a thorough understanding of the management and operations of health care organizations. The Commission applauds the appointment of the current Secretary who, unlike recent predecessors, brings both a strong medical background and a track record of reform-minded leadership in the military and private sector.

In requesting the Commission's review, Assemblymember Irwin noted concerns about the functionality and relevancy of the CalVet Farm and Home Loan program. At its October 2015 hearing, the Commission learned that the once-beleaguered home loan program had overcome various challenges and is now providing needed and valuable lending services to a growing number of veterans. Commissioners found it to be a self-sufficient program, though noted it would likely need voter approval for additional bond funding to continue to provide affordable home loans to California's veterans.

The hearing, however, raised concerns for Commissioners about the quality and level of care provided in the

state's eight veterans homes, the stability and design of the system's funding structure, and finally, the future of the state's unique Yountville campus. In the pages that follow, the Commission first examines the mission and scope of care provided among the state's veterans homes given the changing nature and needs of the state's veteran population. The Commission considers who is served by the homes and, just as important, who is not? With an eye toward improving access to long-term services and supports for a greater portion of the state's veterans than can be helped through the eight veterans homes, the Commission reflects on the effectiveness of the institutional model of care for aging and disabled veterans compared to other options for long-term services and supports that are gaining prevalence across the country. Several alternative community-based options to help veterans receive the care they need at home, or closer to home, are described. In making its recommendations, the Commission also reviews CalVet's plans to address needs of the next generation of veterans and considers available services to help veterans beyond those provided in the veterans homes.

Finally, the Commission reviews the current process and mechanisms for funding the veterans homes, which alone require significant annual General Fund contributions. The Commission explores several strategies for improving revenue collection, thus offsetting the amount state taxpayers directly contribute to the homes. Drawing on strategies employed by other states, the Commission considers how California, too, might amend policies, specifically updating outdated statutory code and administrative regulations – to create more efficient and self-sufficient veterans homes. This potentially would allow the state to expand other types of long-term services and supports for veterans who do not live in the veterans homes.

Throughout its review, the Commission heard significant testimony about both the challenges plaguing the historic 615-acre Yountville veterans home campus and also, at an advisory meeting in Yountville, considered some of the opportunities that could allow the expansive campus to flourish. Unique not only in its age, but also its size, the Yountville veterans home affords policymakers, veterans leaders and advocates the opportunity to think boldly and creatively about how to use this site to serve California's veterans. However, because the issues are so complex, the Commission has committed to holding an additional hearing in June 2017 in Sacramento to learn more about the administration's plans for the campus and to consider further opportunities for its future use. Following the hearing, the Commission will issue a subsequent report to specifically address the future of the Yountville veterans home campus.

Recommendations from Little Hoover Commission's 2013 Report, *An Agenda for Veterans*

Recommendation 1: Now that the Legislature has allocated one-time money to fund the California Department of Veterans Affairs' plan to help alleviate the backlog of claims in U.S. Veterans Administration offices in California, the Legislature should monitor the department's results to determine whether additional funding is warranted.

Recommendation 2: California's state and federal representatives should continue to work with and press federal agencies to obtain up-to-date information from veterans and relay it to appropriate state agencies through electronic means, enabling state agencies to reach veterans sooner after their departure from the military.

Recommendation 3: To improve outreach to veterans and to increase the amount of veteran benefits entering California, the state should allow greater funding flexibility for the California Department of Veterans Affairs, including the redirection of savings from operational efficiencies for demonstrated strategies that help veterans file benefit claims and pursue referrals for services.

Recommendation 4: State lawmakers should review and update the Military and Veterans Code.

The Commission's Study Process

The Commission began this study with an October 2015 hearing to learn about the California Department of Veteran Affairs' progress in implementing recommendations from its 2013 report, *An Agenda for Veterans: The State's Turn to Serve*. Responding to the request of Assemblymember Jacqui Irwin, the Commission also used the hearing to begin a new review of the department's veterans homes and home loan programs. The Commission heard from a panel of CalVet staff, including the deputy secretaries from the Veterans Services Division, the Farm and Home Loans Division and the Veterans Homes Division. Additionally, the director of veterans services in Solano County discussed how new funding for county veterans services officers has successfully stimulated greater outreach to veterans. A graduate student researcher also shared the results of her investigation of the veterans home program and her recommendations for further research.

At the October hearing and again during a November 2015 visit to the Yountville Veterans Home, the Commission learned that deferred maintenance and infrastructure neglect at Yountville has created an unsafe and undignified living environment for veterans. The Commission in December 2015 wrote the Governor and legislative leaders, alerting them to serious deficiencies at the Yountville campus and calling for urgent maintenance and repairs. In the letter, included as Appendix C, the Commission also acknowledged significant progress by CalVet since 2013 to reduce the backlog of claims and expand outreach to veterans. The letter reiterated the Commission's intent to continue reviewing the veterans homes program.

The Commission used its second hearing, in March 2016, to learn more about the organization, cost and quality of California's veterans homes program. Newly appointed CalVet Secretary, Dr. Vito Imbasciani, shared his vision for the department and specifically the homes program, while administrators of three state veterans homes described their experiences and challenges in overseeing the facilities. The chair of the California Veterans Board described the role of the board in relation to the veterans homes. Finally, the executive director of the Tennessee State Veterans Home Board discussed the governance and funding of Tennessee's successful and cost-effective veterans homes program and shared some of its best practices.

In June 2016, the Commission visited the West Los Angeles Veterans Home and held an advisory meeting to consider the future of the state's veterans home program. Participants included a diverse group of experts including researchers specializing in long-term care and veterans' health, representatives from veterans service organizations and representatives from CalVet and the U.S. Department of Veterans Affairs. Commissioners asked participants to consider how the state's veterans home program could be structured to best meet the needs of current and future generations of California veterans and how partnerships might enhance the state's ability to serve aging and disabled veterans.

Next, in November 2016, the Commission again visited the Yountville Veterans Home and held an advisory meeting to consider the future of the Yountville campus. It heard lessons from other successful renovations of public facilities and innovative financing options and discussed opportunities to expand on-campus partnerships. Participants included representatives from non-profit organizations serving veterans, public-private partnership experts, locally-elected leaders, legislative staff members, Yountville Allied Council members, and representatives from CalVet and the U.S. Department of Veterans Affairs. The meeting also was well attended by Yountville home members and several provided public comments to the Commission.

Public hearing witnesses and advisory committee meeting participants are listed in Appendices A and B.

During this study, Commission staff received valuable input through interviews, meetings and discussions with countless other researchers, veteran service organizations and advocates and members of the state's veterans homes. Though the Commission greatly benefited from the contributions of all who shared their expertise, the findings and recommendations in this report are the Commission's own.

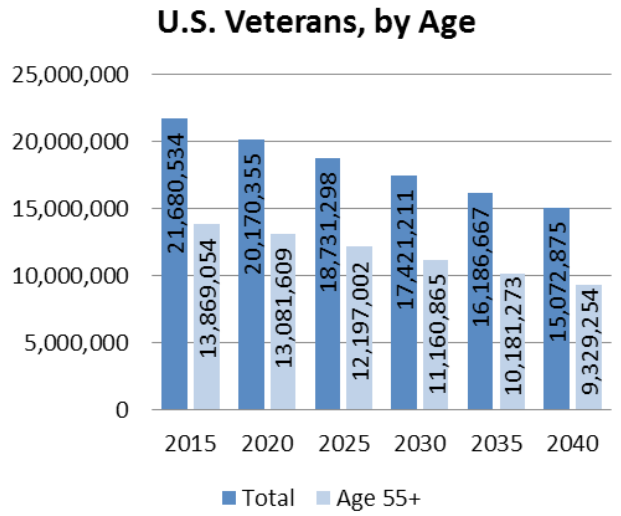
BACKGROUND

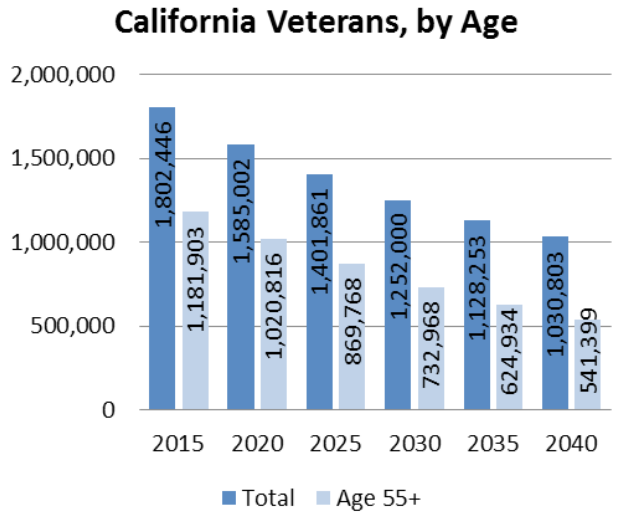
California's Rapidly Changing Veteran Population

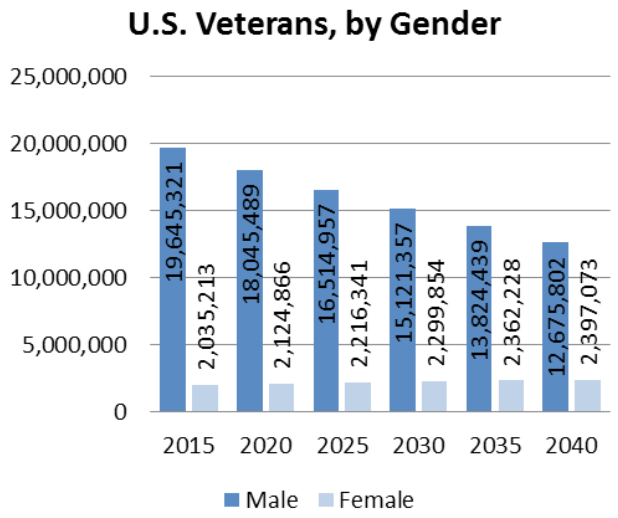
California's veteran population is large and diverse. Of the 21 million veterans living in the U.S. in 2017, more veterans call California home than any other state in the nation. The U.S. Department of Veterans Affairs estimates that among the 1.71 million veterans currently living in California, approximately 1.11 million, or about 65 percent, are over the age of 55. In addition, approximately 162,000, or about nine percent of all veterans in California, are women veterans – more than any other state but Texas. California's veterans population also reflects the racial and ethnic diversity of the state. More Native Americans and Asian American veterans live in California than any other state, and California's population of Latino veterans is second only to Texas.[6] About 5 percent of California's veterans are gay, lesbian or bisexual.[7] And among all, more homeless veterans seek shelter in California than elsewhere in the nation.[8]

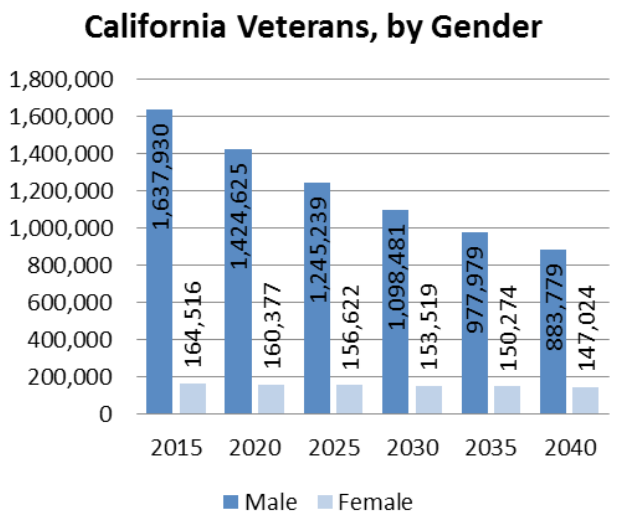
But projections estimate that both the number of veterans, and the number of senior veterans, will decline sharply over the next several decades. The number of all U.S. veterans age 55 and above is projected to drop about 33 percent between 2015 and 2040, driving the decline in the nation's overall veteran population. In California, over the same period, the decline will be more pronounced. By 2040, California's overall veteran population will shrink by more than 42 percent to just 1.03 million. (Tables comparing California's veteran population in 2017, 2030 and 2040 are included in Appendix D). The number of veterans age 55 and older will decline by more than 55 percent to 541,000.[9]

Nonetheless, for the foreseeable future, veterans aged 55 and older will continue to make up a majority of the veteran population nationally. The same holds true in California. However, these veterans will comprise a smaller portion of the state's veteran population – just 52 percent in 2040, compared to 65 percent in 2015.[10]









Source: U.S. Department of Veterans Affairs, National Center for Veterans Analysis and Statistics. Table 6L: Vetpop2014 Living Veterans by State, Age Group, Gender, 2013-2043. And, Table 8L: Vetpop2014 Living Veterans by State, Race and Ethnicity, 2013-2043. Accessed December 8, 2016 at https://www.va.gov/vetdata/veteran_population.asp.

Researchers are still learning about the unique health needs of each cohort of veterans. But they point out that the effects of service vary by era and by conflict, so much so that findings about the needs of aging veterans today might not apply to future generations. Still, research suggests:

- **World War II veterans** who survived into later life were in better health around age 70 than veterans from subsequent wars. However, older WWII-era veterans experience steeper age-related health declines and, among those with overseas duty or combat exposure, have higher mortality in mid- to late-life, in part due to high rates of smoking. Overall, researchers found "veterans from this era demonstrated considerable resilience over the life course and seem to have fared relatively well as they aged into later-life."[11]

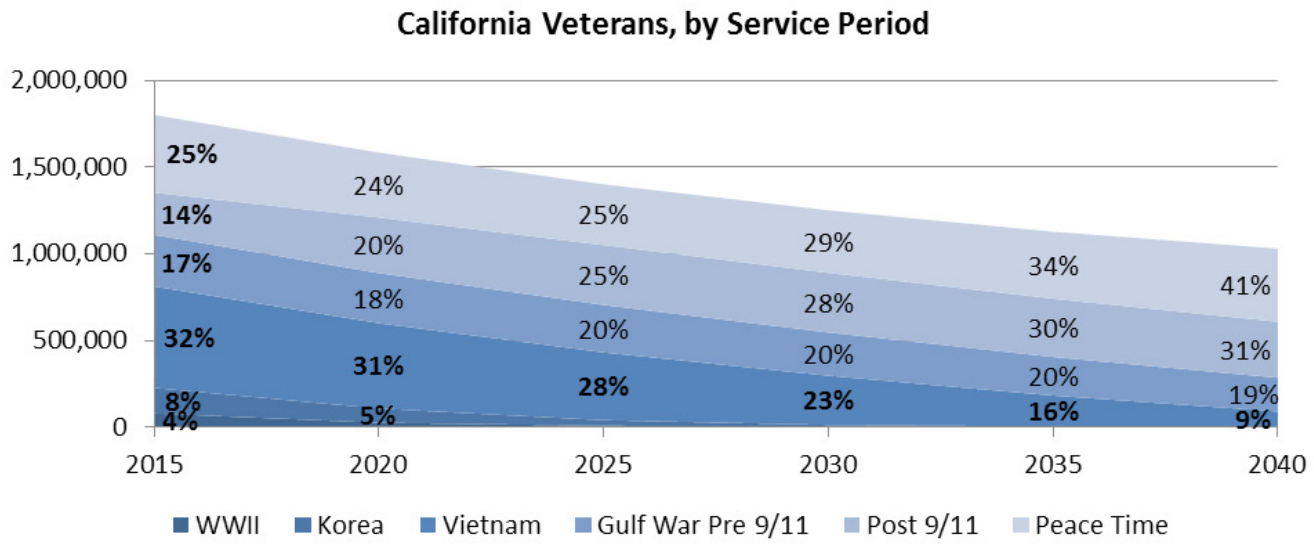
- The overall impact of service among **Korean War** and **Post-Korean War/Cold War veterans** was similar to their WWII peers. Although some experienced negative health consequences, overall the group used GI Bill benefits to advance their upward social mobility. Researchers found that "veterans of these two time periods generally arrived at later life in good health with sufficient economic resources and strong social ties."[12]

- **Vietnam veterans**, however, are more likely to reach their golden years in worse health, in part due to their service. Upon separation from service, Vietnam veterans had worse psychological outcomes and higher mortality rates due to accidents, suicide and homicide. Research highlights service-related physical and mental health challenges among these veterans, such as Agent Orange exposure and cancer risk, combat and post-traumatic stress disorder, suicide and substance use.[13] In addition to these more serious health issues, these veterans, as a group, fared worse than veterans before them on many socio-economic indicators: a higher percentage experienced unemployment and were enrolled in the U.S. Department of Agriculture's Supplemental Nutrition Assistance Program, fewer owned homes and more were divorced.[14] Many **female veterans** from this era, now age 65 and over, already suffer from multiple chronic illnesses. Nearly 70 percent report three

or more chronic conditions, including arthritis, hypertension, depression, chronic lung disease, osteoporosis, cancer and post-traumatic stress disorder.[15]

- Less is known about the long-term health impacts of service on more recent veterans of the **Gulf War** and **War on Terror**. Today's veterans experience more days of direct combat than veterans of previous conflicts – from about 45 days during World War II to now over 1,000 days, one veterans home administrator told Commissioners. He said this exposure has serious impacts on veterans' brains and health.[16] Advances in medical treatments and technology mean that more wounded veterans are able to survive injuries that in previous wars would likely have killed them.[17] Thus, rates of service-connected disability among Iraq and Afghanistan veterans are about double that of previous cohorts, and more return from their service with post-traumatic stress disorder, traumatic brain injuries and amputations.[18] **Female veterans** who served in the Gulf War already have rates of service-connected disability higher than their male comrades.[19] Musculoskeletal injuries, post-traumatic stress disorder, hearing loss, mental health injuries and traumatic brain injuries are the most common reasons that some among this cohort have already filed for VA disability compensation claims.[20] These findings may suggest they may need support earlier in life and for longer than previous generations of veterans.

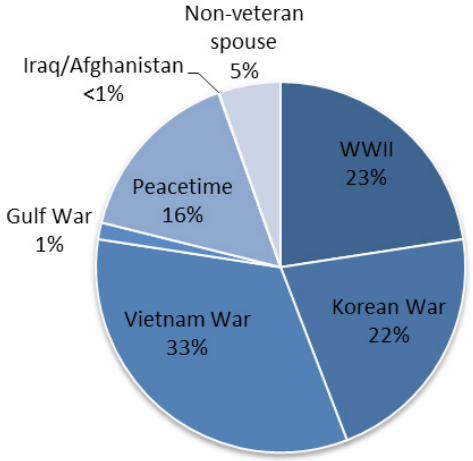
In addition, researchers are still learning how military service affects family members. Findings from a recent study suggest households with a disabled veteran are more likely than others to experience home hardship (such as a leaky roof or ceiling, broken windows or plumbing problems), medical hardship (such as the inability to see a doctor or dentist when needed), bill-paying hardship (such as falling behind on rent or mortgage, missing utility payments or otherwise not meeting essential expenses) and food insufficiency (such as sometimes not eating enough).[21] Given both the aging veteran population and the prevalence of poverty and material hardship among disabled older adults, research suggests policymakers may also need to consider the broader impact of service on families and caregivers.



Source: U.S. Department of Veterans Affairs.

The Population Within California's Veteran Homes. The demographic composition of veterans living in the state's veterans homes is rapidly changing. Today, the largest cohort of veterans home residents served during World War II and the Korean War. But most of these veterans are in their 80s and 90s and this population is dwindling within the veterans homes. At the same time, Vietnam-era veterans, many of whom are now at least in their 60s, are becoming a larger presence, making up one third of the residents in California's veterans homes, and bringing with them new challenges and demands. Also, 33 Gulf War veterans reside in one of the state's veterans homes. Veterans of recent conflicts in Iraq and Afghanistan, who are more diverse in terms of their gender and race than previous cohorts, have yet to enter the homes en masse – currently only one resides in the Yountville home. But, this cohort represents the next wave of service members who may need services from the state. More than 120 veteran spouses also reside in the homes. Currently, the majority of residents are white men, though in the future this population may become more diverse, reflecting the diversity among California's overall veteran population.[22]

Veterans Home of California Resident Population, by War Period (December 2016)



Source: California Department of Veterans Affairs.

The Formation and Growth of California's Veterans Homes

Following the Civil War, many indigent and disabled soldiers incapable of earning livelihoods found themselves without places to live. In response, citizens and fraternal veterans organizations, such as the Grand Army of the Republic, raised funds to form "Old Soldiers Homes" for the nation's wounded soldiers. States, too, began to establish homes to meet the needs of these veterans. Connecticut, in 1864, became the first state to establish a home for its aged and disabled veterans. California was among the first, opening its "Old Soldiers Home" in 1884 in Yountville. The home was originally established in 1882 by Mexican War veterans and members of the Grand Army of the Republic and funded and operated by the Veterans' Home Association in San Francisco.[23]

In 1888, the federal government began helping states lighten costs of operating veterans homes, beginning an enduring partnership with states to care for the nation's veterans. With this shift in federal policy, the Veterans' Home Association in San Francisco deeded the Yountville home to the state in 1899, where it has remained in operation since. Built when California had fewer than one million residents, the Yountville home remained the state's only residential facility for veterans for more than a century, even as the state's population swelled past 30 million. No longer.

Twenty years ago, as World War II veterans began to age, California joined the rest of the nation in a building spree of new veterans homes, with the help of the federal government which pays up to 65 percent of construction costs for new state veterans homes.[24] California opened its first new 400-bed home in Barstow in 1996 and a second 400-bed facility in Chula Vista in 2000. In recent years the California Department of Veterans Affairs opened five more homes in Ventura, Lancaster, West Los Angeles, Fresno and Redding. Bonds approved by California voters supplemented federal funding to add these nearly 1,800 new living spaces to the CalVet homes system.[25] If filled to capacity, California's veterans homes could house 2,950 individuals, including veterans and their spouses or widows, and parents whose children died while serving in the Armed Forces. It is important to note, however, that the department cannot use all of these beds. Some beds are not actively licensed or certified for various reasons. Nor does the department receive funding to fill all beds.

"This was an unprecedented construction effort," Secretary Imbasciani noted in testimony to the Commission. "Not just to build seven new facilities, but to nearly triple the capacity of our veterans homes from 1,000 to nearly 3,000 residents."[26]

During this most recent construction boom, the department focused on little else, CalVet leaders said. As a result, the homes largely operated as independent entities. Today, the department is working on improving home administration by integrating and standardizing care among the eight homes. "If you consider the individual homes to be stars, it is my aim to form them into a readily recognizable constellation," Secretary Imbasciani told Commissioners in March 2016. To that end, the department has formed 20 separate task forces charged with the development of uniform policies and procedures across all aspects of the homes, from budgeting and procurement to human resource practices, admission, pharmacy, nursing and human safety. Expected outcomes include adoption of electronic medical records systems, standardized billing processing, improved revenue collection and computerized pharmaceutical tracking and distribution, the Secretary said. The end goal of these efforts: to provide the same resident experience, regardless of the home in which a veteran resides.[27]

CalVet Task Forces	
Clinical	**Non-Clinical**
Activities and Volunteer Coordinators	Administrative Assistance
Director of Nursing	Patient Benefit Insurance Officers
Educational Services	Plant Operations
Food and Nutrition Services	Residential Care Unit Leader
Infection Control	Triple Check Medicare Part A
Medical Records	VA Per Diem/Veteran Claim Reps
Pharmacy	Admissions
Physicians	
Rehabilitation Therapy	
Social Work	
Standard Compliance	

Source: California Department of Veterans Affairs.

How Many People Live in California Veterans Homes? Capacity & Projected Use in FY 2017-18

Physical Capacity

The number of beds approved by the U.S. Department of Veterans Affairs during the construction of each veterans home. The Yountville home, built before U.S. DVA involvement, includes the number of rooms that are habitable.

2,950

Licensed Beds

2,873

The number of SNF and ICF beds licensed by the California Department of Public Health and the number of RCFE beds licensed by the California Department of Social Services. Domiciliary beds are not licensed, but are included in the figure. Also includes beds that are designated as "suspense," meaning they are licensed, but not being used. The U.S. Department of Veterans Affairs also certifies the maximum number of beds for which it will pay the state a per diem. In FY 2017-18, the number of USDVA-certified beds was 2,997.

Active Licensed Beds

The number of beds that are licensed and currently available for use.

2,652

2,610

Budgeted Census

The number of beds for which CalVet receives state funding to use. The amount varies each year and is negotiated through the state budget process.

Actual Average Daily Census

The average daily occupancy of all beds. The actual number of veterans home residents is higher, as it accounts for all individuals admitted, as well as those who were discharged and those who died.For example, in fiscal year 2015-16, the actual average daily census was 2,149, but the homes served a total of 2,782 individual residents.

2,464

Source: California Department of Veterans Affairs.

California's Veterans Homes Provide a Wide Range of Care. California's system of eight veterans homes offer an array of services to residents capable of living independently and to those needing intensive round-the-clock skilled nursing care. Though the levels of care offered among California's veterans homes varies by home, California's veterans homes, as a statewide system, provide four levels of care: [28]

- ***Domiciliary*** includes room and board with limited direct supervision for self-sufficient residents. Residents have access to all of the home's services, activities and medical care, and can transfer to higher levels of care as needed, and as space is available. CalVet has capacity for 1,049 domiciliary beds, or approximately 35 percent of all beds in the state's veterans homes. However, in fiscal year 2017-18, the department was only budgeted for 933 domiciliary beds. Domiciliary care is available at the homes in Yountville, Barstow, Chula Vista and West Los Angeles. The West Los Angeles veterans homes currently uses its 84 domiciliary beds to operate a transitional housing program for the U.S. Department of Veterans Affairs.

- ***Residential Care Facility for the Elderly (RCFE) or assisted living*** includes room and board for residents who are primarily independent, but require minimal non-clinical assistance and supervision with some basic activities of daily living, such as hygiene, dressing, eating and walking. Medications are centrally stored and distributed for residents to self-administer. CalVet has capacity for 634 RCFE beds, or nearly a quarter of all beds in California's veterans homes. In fiscal year 2017-18, the department was budgeted to fill 555 RCFE beds. RCFE care is available in all of the state's veterans homes, except the home in Barstow.

- ***Intermediate Care Facility (ICF)*** includes minimally staffed 24-hour nursing care for individuals who are disabled, elderly, or non-acutely ill. Residents often require licensed nursing assistance with medications and treatments and unlicensed nursing assistance with several activities of daily living. Residents also have access to all medical services provided by CalVet. The department has capacity for 324 ICF beds, or almost 10 percent of all veterans homes beds. In fiscal year 2017-18, the department was budgeted to fill 165 ICF beds. Intermediate care facilities are available in the Yountville and Barstow homes.

- ***Skilled Nursing Facility*** includes intensely staffed 24-hour nursing care for chronically ill, terminally ill, or those with severe dementia. Skilled nursing residents have greater access to rehabilitation therapies, nursing care, pharmacy management, structured activities and clinical dietary services. CalVet has capacity for 943 skilled nursing beds, or approximately 31 percent of all active beds. In fiscal year 2017-18, the department was budgeted to fill 859 skilled nursing beds. Skilled nursing care is available in all of the state's veterans homes, except the homes in Ventura and Lancaster.[29] The homes in Barstow, Fresno, Redding and Yountville currently designate 219 skilled nursing beds for memory care. Residents in skilled nursing facility memory units live in safe, supervised environments and may suffer from confusion, memory loss, difficulty making decisions, solving problems or conversing.

- ***Community-Based Adult Services (CBAS) or adult day health care*** will include a range of services such as nursing services, physical, occupational and speech therapy, mental health care, social services and counseling to older or disabled veterans who live at home or in the community, but need help during the day. The department has plans to offer these services at two of its newer homes in Lancaster and Ventura, but has delayed activating the program until all of its newer homes are filled. Still, in fiscal year 2017-18, the department received funds to provide adult day health care for veterans.

California Veterans Homes Census and Level of Care Summary, Fiscal Year 2017-18						
Facility	Opened	Physical Capacity	Budgeted Census by Level of Care			
			Skilled	Intermediate	RCFE	Domiciliary
Yountville	April 1884	1,184	231	105	48	637
Barstow	Feb 1996	400	40	60	—	120
Chula Vista	May 2000	400	180	—	33	92
Ventura	Jan 2010	60	—	—	60	—
Lancaster	Feb 2010	60	—	—	60	—
West LA	Oct 2010	396	228	—	84	84
Fresno	Oct 2013	300	120	—	180	—
Redding	Oct 2013	150	60	—	90	—
Totals		**2,950**	**859**	**165**	**555**	**933**

Source: California Department of Veterans Affairs.

Oversight of the Veterans Homes of California: California Department of Veterans Affairs History and Responsibilities

Across the nation, states have adopted various models to govern their veterans homes. Many place the homes within their state's Department of Veterans Affairs or another state agency. Other states outsource management to private operators. California operates its veterans homes through CalVet.

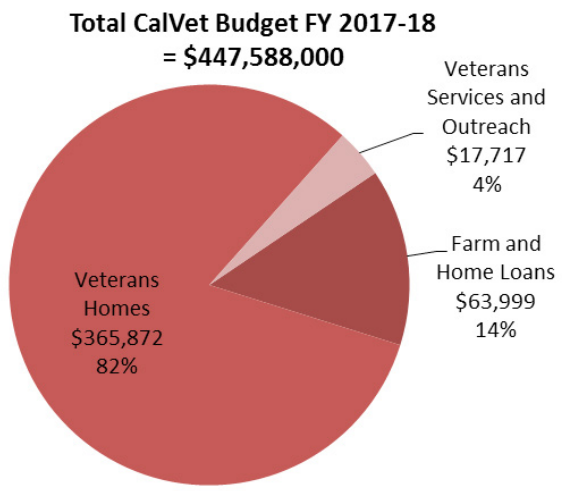
CalVet is a stand-alone, full-service state agency that serves California's nearly two million veterans and their families, and administers the Veterans Homes of California. For many years, CalVet resided within California's State and Consumer Services Agency. In 1994, to raise the department's profile, Governor Pete Wilson, himself a veteran, signed legislation that moved the department out of the agency. The legislation also required that the department's top executive be a veteran.[30] Through executive order, Governor Wilson made the department head a Cabinet-level position.

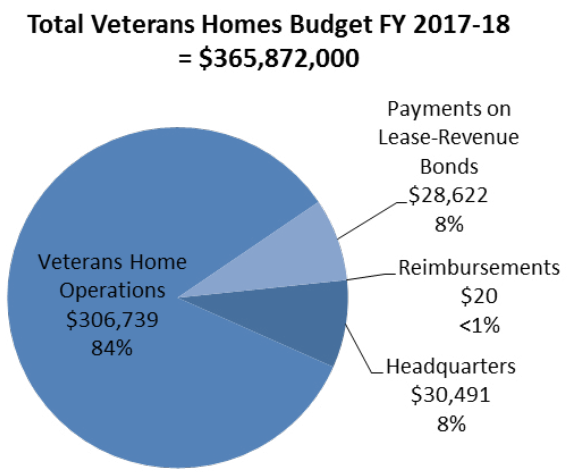
Today, CalVet helps veterans and their families claim veterans' benefits and offers its own low-cost loans to help veterans buy homes and farms. CalVet also provides rehabilitative, residential and medical care and services to veterans. The department employs more than 3,100 people with a 2017-18 budget of $447.5 million. The state's General Fund contributes $377 million and the remainder comes from various special funds and in the form of reimbursements.[31] The department is organized around three core program areas: Veterans Homes, CalVet Home Loans and Veterans Services.

CalVet's veterans homes program is the largest of its three program areas and employs most of the department's staff, more than 2,900, in headquarters and in the homes. The homes program also consumes most

of the department's budget, an estimated $365 million in fiscal year 2017-18 as shown below.[32]

CalVet's deputy secretary of veterans homes, appointed by the Governor, oversees the administration of the state's veterans home program and is responsible for monitoring all aspects of medical care provided to the homes' residents. Under the Military and Veterans Code, it is *preferred* that the deputy secretary be a medical doctor or a "professionally trained hospital administrator with experience in managing a multihospital organization and training or experience in the care of the elderly." However, this is not a requirement for appointment.[33]





Each veterans home's senior leadership team is recommended by the Secretary of Veterans Affairs and appointed by the Governor. Home administrators, responsible for managing and administering the veterans homes, are empowered to adopt rules and regulations governing the admission of applicants and may prescribe the conditions upon which they may enter and remain in the home. California's eight home administrators have demonstrated experience in long-term care facilities or multifaceted health care programs and are licensed nursing home administrators who have a track record of success in the private sector and/or other states.[34]

Additional State and Federal Oversight Organizations

Several state and federal organizations have roles in overseeing the quality of care provided within California's veterans homes:

The ***California Veterans Board*** advises the department and secretary on policies for operations of the department, but is not involved in its day-to-day operations. The board, which consists of seven veterans appointed by the Governor, also hears appeals by California veterans that pertain to state benefits such as denial of a home loan, student waiver or admission into a veterans home. Board members serve as volunteers and receive $100 per diem to meet every other month in cities statewide. An executive officer staffs the board.[35]

The board, created in 1921 as the Veterans Welfare Board, initially managed various veterans' aid programs. Also, until recently, the board was authorized to set policy for CalVet operations. (In reality, however, that was not the actual practice for more than 40 years). State authorities recast the Veterans Welfare Board as the California Veterans Board in 1946 in the wake of World War II. Simultaneously that year, the state established the current CalVet department.

The Commission, during its 2013 study of CalVet operations, noted that the role of the California Veterans Board, as defined in the California Military and Veterans Code, should be reviewed and clarified.[36] Legislation enacted shortly afterward in October 2013 remade the board into an advisory body instead of a policy-setting body and changed its composition.[37] In its new advisory role the seven-member board is reviewing California veterans homes and surveying veterans homes in other

states. Each board member is assigned to a specific home in California and meets twice a year with its Allied Council members and staff.

California's ***Department of Public Health*** licenses all skilled nursing and intermediate care facilities in the state, including the state's veterans homes. The department also issues licenses for nursing home administrators, including administrators of the state's veterans homes. Additionally, the public health department inspects all skilled nursing and intermediate care facilities at least once every two years to ensure compliance with state laws. It periodically inspects these facilities on behalf of the federal Centers for Medicare & Medicaid Services (CMS) as part of the federal recertification process.[38] The CMS developed a Five-Star Quality Rating System to help consumers, their families and caregivers compare nursing homes. The health inspection ratings are based on onsite inspections, while other portions of the rating, including staffing and quality measures, are based on information self-reported by the facilities. Current star ratings for California's veterans homes are displayed below. "The current low ratings are due to poor survey results several years ago," the Deputy Secretary for Veterans Homes told Commissioners in March 2016. He explained that "serious incidents that affect survey outcomes can continue to impact a CMS rating for 36 months, even after the problems have been corrected."[39] Secretary Imbasciani told Commissioners the recent surveys and inspections have been "stellar" and expects that the star ratings will be brought back up to reflect these more favorable findings. However, he noted that the infrastructure problems at the Yountville campus, particularly in its 1930s-era skilled nursing facility, make it challenging to receive the highest ratings.[40]

The California ***Department of Social Services*** licenses all the state's residential care facilities, including its veterans homes. The department is required to visit facilities at least once every five years, or as often as necessary, to ensure quality of care. It rates deficiencies as isolated, a pattern or widespread. It also ranks them by severity, ranging from level one, no actual harm with potential for minimum harm, to level four, immediate jeopardy to resident health or safety.[41]

The ***U.S. Department of Veterans Affairs*** certifies and annually inspects the veterans homes to ensure compliance with federal requirements for various levels of care. When the department documents deficiencies the homes must develop a correction plan and actions to address the findings.[42] The Barstow and Redding homes currently meet all USDVA standards. But the Chula Vista and Yountville homes are each addressing identified deficiencies in several areas. The remaining newer homes are still undergoing the process of USDVA certification.[43]

CMS Star Rating Performance of California's Veterans Home as of January 2017

Facility	Health Inspection	Staffing	Quality Measures
Barstow	★	★★★★★	★★★★★
Chula Vista	★★	★★★★★	★★★
Redding	★★★★★	★★★★★	★★
Yountville	★★	★★★★★	★★★★

Source: Medicare.Gov, Nursing Home Compare. Accessed February 2, 2017 at https://www.medicare.gov/NursingHomeCompare/search.html.

Redefining The Role of California's Veterans Homes in the 21st Century

Despite the expansion of California's veterans home system in recent years and growing wait lists for the most intensive levels of care, some have begun to question this expensive model of long-term care, which provides housing and services for only a fraction of the state's veterans. Across the state and the country, various community-based models of care are demonstrating that similar types of long-term care services and supports can be provided from the family home or in licensed health facilities in communities. With budget shortfalls ever on the horizon, California must prioritize and think strategically about how it invests its limited resources so it can best care for today's veterans while also preparing to care for the next generation of veterans.

Right-Sizing California's Veterans Homes

Under a best case scenario, where California's veterans homes are licensed and funded to operate at capacity, they still could serve less than 1 percent of veterans in the state. Weighing the needs of the other 99 percent of veterans, the Commission respectfully asks: At what point do we consider why we have and maintain this program in light of all the other pressing needs for the vast majority of veterans who will never see the inside of one of the state's eight veterans homes? At what point do other priorities demand that we modify or slowly cycle out of the veterans home program or look at other options of care?

While recognizing the limitations of the current veterans homes program, some passionately defend its continued existence as a means to fulfill a societal obligation to veterans. For example, in an impassioned speech at the Commission's March 2016 public hearing, the administrator from the Yountville home explained his motivation for modernizing the state's veterans homes program:

> *"I've got a passion for making sure that we correct the wrong with our Vietnam veterans who went undiagnosed and untreated and unfortunately, most chose self-treatment in the form of drugs and alcohol. We have an obligation to not dispose of another generation of veterans. We are losing our current warriors to suicide at the rate of almost one an hour in this country. That's unacceptable to me. [And,] that begs the question, why do we have veterans homes? I'd like to say we have them because we take care of people that nobody else wants, and we're better at it because we understand their needs better than anyone else. We as a society have an obligation to reach out to them and meet their needs where they are."*[44]

Yet others question the sageness of continuing the program without reform. "If the homes didn't exist, we likely wouldn't create them today," one senior RAND analyst observed to Commission staff. Noting that the state veterans homes provide extreme care for a few veterans at life's end, while recent veterans are coming home with different kinds of physical and mental injuries that require immediate attention, another researcher commented, "It's a philosophical question: At which point in the lifecycle of a veteran is it most effective to put resources?"[45]

The Commission encourages policymakers and state veterans leaders to consider these important questions in earnest. Besides maintaining the status quo, several options exist to streamline the state's veterans homes program and also to consider alternate means to expand services for some of the state's most vulnerable veterans.

A Home for All Veterans? In the absence of sufficient government assistance following the Civil War, California's first veterans home was created by a fraternal veterans organization to provide aid to indigent and disabled veterans having difficulty earning a livelihood. From this humble beginning, the system has expanded its mission beyond serving the state's poorest veterans to more broadly serving honorably discharged "aged and disabled" veterans.

Today, admission to the homes is guided by the state's Military and Veterans Code and administrative regulations. Potential veterans home residents must be residents of the state who are aged or disabled and who were honorably discharged from active duty. Certain non-veteran spouses also may apply. But CalVet's policies also restrict admission to veterans who are age 55 and above, though the age requirement is waived for disabled or homeless veterans in need of long-term care.[46] Veterans homes admit on a first-come, first-served basis but offer priority admissions for homeless veterans, Medal of Honor recipients, ex-prisoners of war and wartime veterans. Admission preference is not given based on a veteran's level of disability.[47]

Without means-tested eligibility requirements for its residents like other state support programs such as Medi-Cal, "the sense is that the homes are for all vets," CalVet's chief financial officer said.[48]

System-wide, California's eight veterans homes could house just 2,950 residents, if filled to capacity. However, the homes are neither licensed, certified nor budgeted to operate at capacity. The department estimates that in 2017-18, the homes will fill, on average, approximately 2,500 beds.[49] But accounting for turnover when residents relocate from the homes or pass away, CalVet will serve more. For example, in fiscal year 2015-16, the average daily occupancy of all beds was 2,149, but during the same period 2,782 individuals actually resided in the homes.[50] These individuals are but a fraction of the estimated 1.7 million veterans in California in 2017, of whom approximately 65 percent are 55 years old or more.[51]

> ***"I'm very sensitive to the fact that so large a part of my effort – personnel, dollars and everything else – goes to the homes where we're treating .001 percent of our California [veteran] population."***
>
> Dr. Vito Imbasciani, Secretary, California Department of Veterans Affairs. March 3, 2016. Little Hoover Commission hearing, Sacramento, CA.

Some believe the veterans homes' broad admission policies promote equity, admitting residents on a first-come, first-served basis. Others, including a member of the California Veterans Board, believe the homes' admission policies need refinement. She reflected, "Not all veterans are equal. When we have limited resources and can't give every veteran something, we need to look at who gets priority."[52] With limited resources to serve one of the largest veteran populations in the nation, the Commission questions whether California's one-size-fits-all approach to the state's veterans homes continues to make sense.

Reforms proposed in January 2017 as part of the budget process would, if enacted, allow the CalVet Secretary to prioritize admission for certain veterans who qualify for benefits from the U.S. Department of Veterans Affairs based on their level of disability. The CalVet secretary also could establish needs-based criteria for admission to the homes, and allow any veteran who met that criteria to be granted priority admission.[53]

This would, in part, begin to address concerns raised throughout the Commission's review by various experts who called for a need to better define the mission of the California veterans homes and clarify who exactly they are intended to serve.[54] Is it the poor or disabled veteran, homeless veteran, the elderly in need of skilled nursing facilities or some combination of these? Determining exactly how to refine the homes admissions priorities will require further consideration of the state's veterans, their needs and the existing resources available to help them – as discussed below. Additionally, consideration should be given to the financial implications of prioritizing certain veterans, such as those with high levels of disability, as discussed in the next chapter.

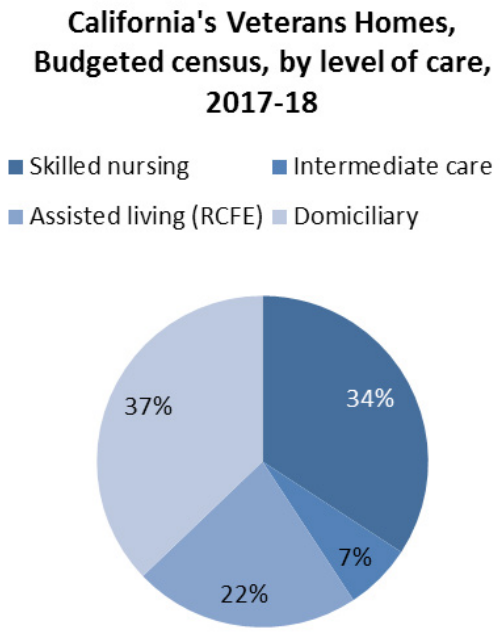
The Right Kind of Care? Nationally, the level and range of care offered within state-operated veterans homes varies by state. Over the course of its review, the Commission learned that veterans homes in some other states limit veterans home admissions to residents in need of around-the-clock skilled nursing or specialized care for individuals with Alzheimer's or other forms of dementia. Veterans homes in both Texas and Tennessee, for example, only provide long-term nursing care.[55] Other states, like Florida, provide domiciliary care in a separate facility from its nursing home care programs.[56] Few, if any, offer such a broad range of care options as does California. And despite the wide array of services offered among the state's eight veterans homes, it is not clear that the homes are providing the right mix of care for California's veteran population.

CalVet leaders told the Commission that the homes are scrambling to respond to and prepare for vastly different health care needs among the current and future veteran cohorts. Among current residents, the rates of Alzheimer's disease and other forms of dementia are on the rise, as is the need for skilled nursing care and memory care, CalVet Deputy Secretary Coby Petersen told Commissioners in March 2016.[57] In addition, CalVet leadership explained, Vietnam-era veterans are applying to the homes later in life, but with a higher number of medical diagnoses and prescriptions than what the homes long-term care facilities used to see. Many come with long-undiagnosed and untreated physical and psychological challenges, exacerbated by self-treatment in the form of drugs and alcohol.

Despite recent efforts to create behavioral and mental health programs for the veterans homes, California's homes remain unprepared to care for large populations of veterans with complex mental and behavioral health challenges. "The needs of the Vietnam-era and younger veterans are not being met by our current structure," the Yountville home administrator told Commissioners in March 2016. "Behavioral health, addiction issues, post-traumatic stress disorder, traumatic brain injuries, women's health issues and homelessness are diagnoses/issues which we have little training, staffing or programs to support."

CalVet leaders recognize that without changes in the kinds of services offered in the veterans homes, this challenge will only compound as Vietnam-era veterans age and comprise a larger portion of the home population over the next several years, and further when veterans of the conflicts of Iraq and Afghanistan need care. The Legislative Analyst's Office, in a January 2017 report cautioned that should the homes begin to admit more veterans with complex mental or behavioral health diagnoses, they may face staffing challenges from "balancing the care of veterans with acute mental and behavioral health needs [while] maintaining the staffing requirements for the rest of the veterans at the home."[58]

Modify Level of Services Provided in the Veterans Homes. California's veterans homes offer far more domiciliary beds than any other state.[59] Indeed, the majority of beds within California's veterans homes, some 59 percent, are earmarked for veterans who are self-sufficient or who can function with little assistance in either the homes' domiciliary or assisted living programs. Fewer are designed for veterans who need at least some level of nursing assistance.[60]



Source: California Department of Veterans Affairs.

Domiciliary care is less expensive per resident, per day, than other forms of care offered within the state's veterans homes. Though the cost of care varies by home, in fiscal year 2015-16, the average cost of domiciliary care across all veterans homes was $214.68 per resident,

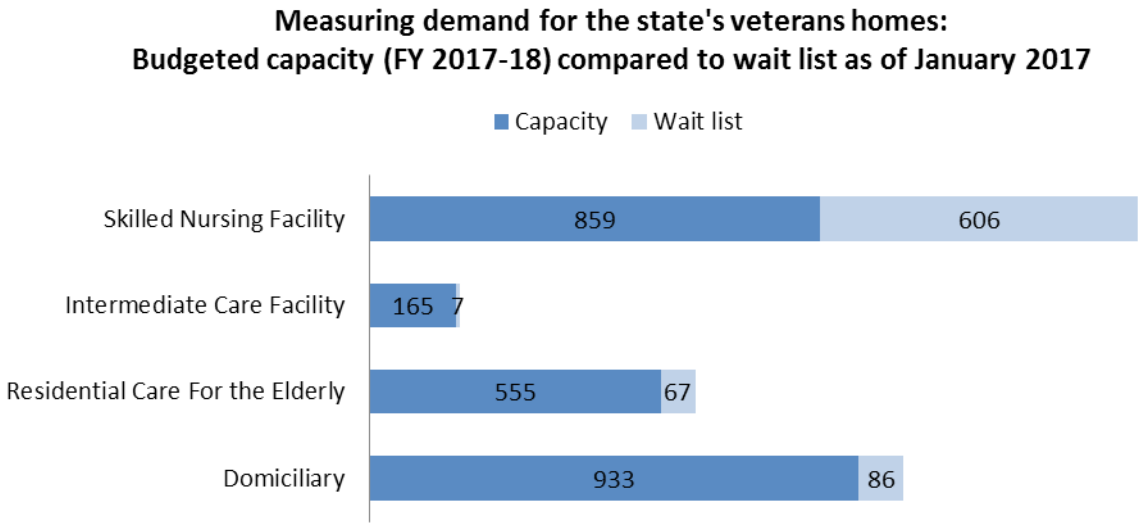
per day. Of this, however, CalVet recouped $77.79 in reimbursements, leaving about $136 per resident, per day for California's taxpayers. In comparison, after reimbursements, daily care costs for skilled nursing care was approximately $347, $190 for intermediate care and $221 for residential care for the elderly.[61] (More information about the daily cost of patient care, by level, by home is included in Appendix D.)

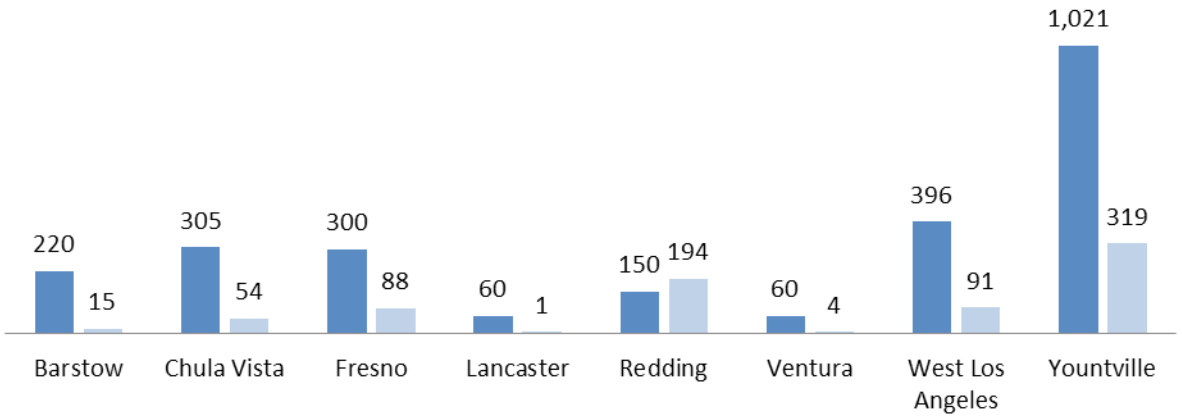
However, in recent years, the U.S. Department of Veterans Affairs has begun to de-emphasize the domiciliary program. The federal VA no longer funds construction of domiciliary beds for independent living, CalVet officials said in November 2015. Veterans homes with existing domiciliary beds are grandfathered in, however.[62] In light of this policy, some states do not offer domiciliary care within their veterans homes.

Despite the ample supply of beds for veterans capable of living independently, there is a growing demand for a spot in one of the state's 859 skilled nursing beds. As of January 2017, 766 individuals had completed an application to one of the eight veterans homes and were waiting for admission. Of these, 606, nearly 80 percent, are waiting for a skilled nursing facility bed.[63] "We turn away 1,000 veterans a year who need skilled nursing care," the administrator of the Yountville veterans home told Commissioners in March 2016. He lamented that the homes lack capacity to meet their needs, even while demand for domiciliary care is shrinking.[64]

"The nation, both the private and the federal systems, is certainly moving away from domiciliary care," Secretary Imbasciani told Commissioners in testimony at the March 2016 hearing. "So that would be the first question to ask: Why do we still support the housing of veterans that may not require anything except a place to go to sleep at night – and maybe not even that – and concentrate on the veteran population that requires skilled nursing care or memory care?"

Some veterans home officials and other veterans policy experts suggested with a limited bed space and a growing need for long-term care, California should do away with its domiciliary care program and instead ramp up the number of beds dedicated to skilled nursing care and memory care. Opportunities abound: The Yountville veterans home currently receives funding to support more than 630 domiciliary beds, and the homes in Barstow and Chula Vista receive funding to provide an additional 200 domiciliary beds. More than 550 assisted living beds, in the veterans homes Residential Care for the Elderly program, also could be modified, along with necessary staffing and equipment, to provide enhanced levels of care. Should policymakers decide to amend the Military and Veterans Code to eliminate the veterans homes' domiciliary program, care should be given to ensure that current residents are not displaced through such a transition. Their residency in the homes should be grandfathered in.





Facility	Domiciliary		Residential Care for the Elderly		Intermediate Care Facility		Skilled Nursing Facility	
	Capacity	Wait List	Capacity	Wait List	Capacity	Wait List	Capacity	Wait List
Barstow	120	0	—	—	60	0	40	15
Chula Vista	92	17	33	3	—	—	180	34
Fresno	—	—	180	12	—	—	120	76
Lancaster	—	—	60	1	—	—	—	0
Redding	—	—	90	20	—	—	60	174
Ventura	—	—	60	4	—	—	—	0
West LA	84	0	84	25	—	—	228	66
Yountville	637	69	48	2	105	7	231	241
Totals	**933**	**86**	**555**	**67**	**165**	**7**	**859**	**606**

Sources: Thomas Martin, Assistant Deputy Secretary of Veterans Homes, California Department of Veterans Affairs. February 3, 2017. Personal communication with Commission staff. Also, California Department of Veterans Affairs. Budget Estimate Package. Budget Year 2017-18. Submitted January 10, 2017.

Improving the Application Process for Veterans and Their Families

At any given time, there may be hundreds of Californians waiting for a spot in one of the state's eight veterans homes. Indeed, in January 2017, more than 750 veterans were waiting their turn. Currently, veterans may apply to one home at a time, rather than to the system overall. This means a resident may wait months for a bed at a certain level of care in one home. If rejected, a candidate must reapply for either a different level of care or to a different home, resetting the process and his or her space on the wait list if no bed is immediately available. Without an automated system to track wait lists across the homes, or a centralized place to contact when questions arise, potential residents and their families may be left with a great deal of uncertainty regarding their future. To help, CalVet should regularly notify potential residents of their status on the wait list and offer a contact should questions arise. Ideally, this communication could be done through a secure site online where potential residents and their families can track all steps of the application process.

Repurpose the Veterans Homes. Some experts question whether it makes sense for the state to continue operating some of its existing veterans homes and suggest the veterans homes should not continue to operate in perpetuity. Instead, they said the state should regularly evaluate their effectiveness in meeting the needs of California's veterans, whether they offer appropriate levels of care or if they should be repurposed to meet different needs.

Federal regulations require state veterans homes built with federal construction funds, as seven of California's eight veterans homes were, to operate for at least 20 years. If states use the facility for another purpose within 20 years after construction, a portion of the construction grant must be repaid to the federal government.[65] However, after 20 years, states do not face a monetary penalty for repurposing veterans homes.

Opportunities to repurpose any veterans home necessarily will be limited by space. The veterans homes in Ventura and Lancaster, for example, were built to house just 60 veterans, while the veterans home in in West Los Angeles, Barstow and Chula Vista are larger facilities, designed with beds for approximately 400 veterans. Uniquely, the Yountville home was constructed to house more than 1,100 veterans in multiple buildings across an expansive 615-acre campus.

Given the federal limitation, the five newest homes could not be repurposed without penalty to the state until sometime after 2030. However, the veterans home in Barstow, which opened in February 1996, could potentially be repurposed this year, and the home in Chula Vista, which opened in May 2000, could be up for consideration in May of 2020. One prominent veterans advocate suggested the state immediately consider closing or repurposing the veterans home in Barstow because it has challenges maintaining full capacity and has failed to serve a revitalizing role to the community, as promised when built. Repurposed as a low-level correctional facility for veterans, he said, the state could likely house a portion of the correctional population more efficiently and possibly provide more targeted programs and services to help veterans succeed upon release.[66]

Build More Veterans Homes? In the past, state policymakers have opted to build more veterans homes as a way to expand veterans services throughout the state. Most recently, lawmakers passed a series of bills in 2002 authorizing the construction of new veterans homes in the Central Valley and Los Angeles, and renovating the state's then three existing homes in Yountville, Barstow and Chula Vista.[67] This effort stemmed from recommendations from a Blue Ribbon Task Force created by Governor Gray Davis in 1999 to review and make recommendations on ways to improve the quality of health care provided at California's veterans homes. The 10-member task force, comprised of noted veterans and healthcare experts, issued a report in September 2000, recommending the construction of new veterans homes near to VA medical centers and in locations with sufficient nursing staff.[68] Looking forward, however, many experts caution against simply building more veterans homes to meet future demand. Some have stated simply that the state should not build more veterans homes.

Much has changed in the years since the task force issued its recommendations. Professor Fernando Torres-Gil, director of UCLA's Center for Policy Research on Aging and a former member of the Blue Ribbon Task Force, said that in the early 2000s, the policy conversation was all about institutions: where to build institutional care facilities and how to make them more efficient. Now, he and other long-term care experts suggest that the "bricks and mortar" model of building institutions is too inflexible and costly compared to other models of care. Some say the veterans homes are excessively costly to operate and maintain, particularly given they can only serve a small number of veterans at a time. As is, so few veterans are able to access this benefit that some liken it to winning the lottery.

While recognizing the benefits of living in one of the state's veterans homes, some suggest the option can create undue hardships for veterans and their families. For example, room availability and a veteran's unique health care needs can limit the number of homes to which he or she might receive care. To get into a home, a service member may need to move far away from family, friends and other community supports. The wife of one such service member said the decision to send her husband to the home in West Los Angeles – 500 miles from their home in the Bay Area – was "horrible," but necessary because they had few other options for him to receive quality, affordable care.

Professor Torres-Gil said the policy conversation has now shifted to emphasize ways to keep people in their homes and in their communities. "We can't just rely on institutional care," he told Commission staff. He explained that aging Vietnam veterans think differently and want different things than WWII veterans, and are more open to an assortment of home and community-based services. But, he noted, many Vietnam veterans are isolated, without a home, a family or a strong support system. Others may have families who are interested in their care, but geographically unable to assist. Still others may have strong family support. He and other long-term care experts recommend that the state think about providing an array of long-term services and supports for veterans, including some in the most independent settings, including in private homes, to others in the most supportive setting, like nursing homes.[69]

Reasserting California's Commitment to Veterans

Before right-sizing the veterans homes program or repurposing homes, the state must address broader questions about the mission of the homes division and the needs of current and next generation of veterans. In modernizing its veterans home program, state policymakers and veterans leaders have the opportunity to boldly reconsider and renew California's commitment to its veterans. For more than 130 years, the bulk of the state's investment in its veterans went toward creating safe, caring communities for service members to live out their lives. And though the state's eight veterans homes offer great benefit to its residents, the Commission urges policymakers to consider whether what worked for veterans more than 130 years ago remains the best option for serving California's veterans today and in the future.

Though there is a dearth of easily accessible information about California's veteran population, evidence suggests that just as the nature of conflicts has radically evolved, so, too, have the needs of California's service members. California must have a long-term strategy to care for its veterans. Armed with more information about where the veteran population will likely grow or decline and what services exist for them, CalVet and state policymakers will be better equipped to develop a comprehensive plan to reinstate the state's commitment to veterans in the 21st century.

Begin With A Needs Assessment. First, state policymakers and veterans leaders must ask: *What are the health care needs of veterans currently living in California and how do these needs vary by a veteran's period of service?* And, *will changes in the demographic characteristics of California's veterans population over the next several decades prompt changes in health care needs?*

To answer these questions, CalVet must better understand the demographics of California's entire veteran population. Beyond a simple count of veterans over a certain age, a thorough needs assessment should consider veterans' physical, functional and cognitive healthcare needs prevalent among veterans today, as well as how those needs might change in the future. An assessment also should consider the socio-economic conditions that can drive veterans' needs for long-term services and supports.

Since the Commission launched its review in October 2015, CalVet has hired two experts in the field of behavioral care and demographics to help the department assess the needs of future veterans home residents. These staffers have been asked to study whether the department is satisfying the needs of current veterans home residents and, looking forward, how the changing demographic composition of veterans in the state will change the needs of those living in the state's veterans homes. "We know what's coming at us next, and they may not require the kind of housing and licensed beds that we have been concentrating on…since 1888," Secretary Imbasciani testified to the Commission in March 2016. "We might need whole new structures, and I don't mean organizational structures, but physical structures. They may not need campuses," he said.

> ***"We know what currently exists and how we currently care for our residents is not where we're going to be in five to 10 years from now."***
>
> Coby Petersen, Deputy Secretary, Veterans Homes, California Department of Veterans Affairs.
> March 3, 2016. Little Hoover Commission hearing, Sacramento, CA.

The Commission commends this forward-looking investment to help CalVet leaders evaluate the future role of the veterans homes. However, any consideration of the state's veterans homes program must be taken within a larger context. CalVet should conduct, or contract with university researchers to conduct, an assessment of the entire veteran population in order to help policymakers consider how well the state is repaying the debt it owes to veterans across the spectrum, not just those in one particular area.

Identify Available Veterans Resources and Service Gaps. Policymakers and CalVet leaders also should consider: W*hat services are available to meet the needs of veterans today? Are these services sustainable? And, what needs are going unmet?*

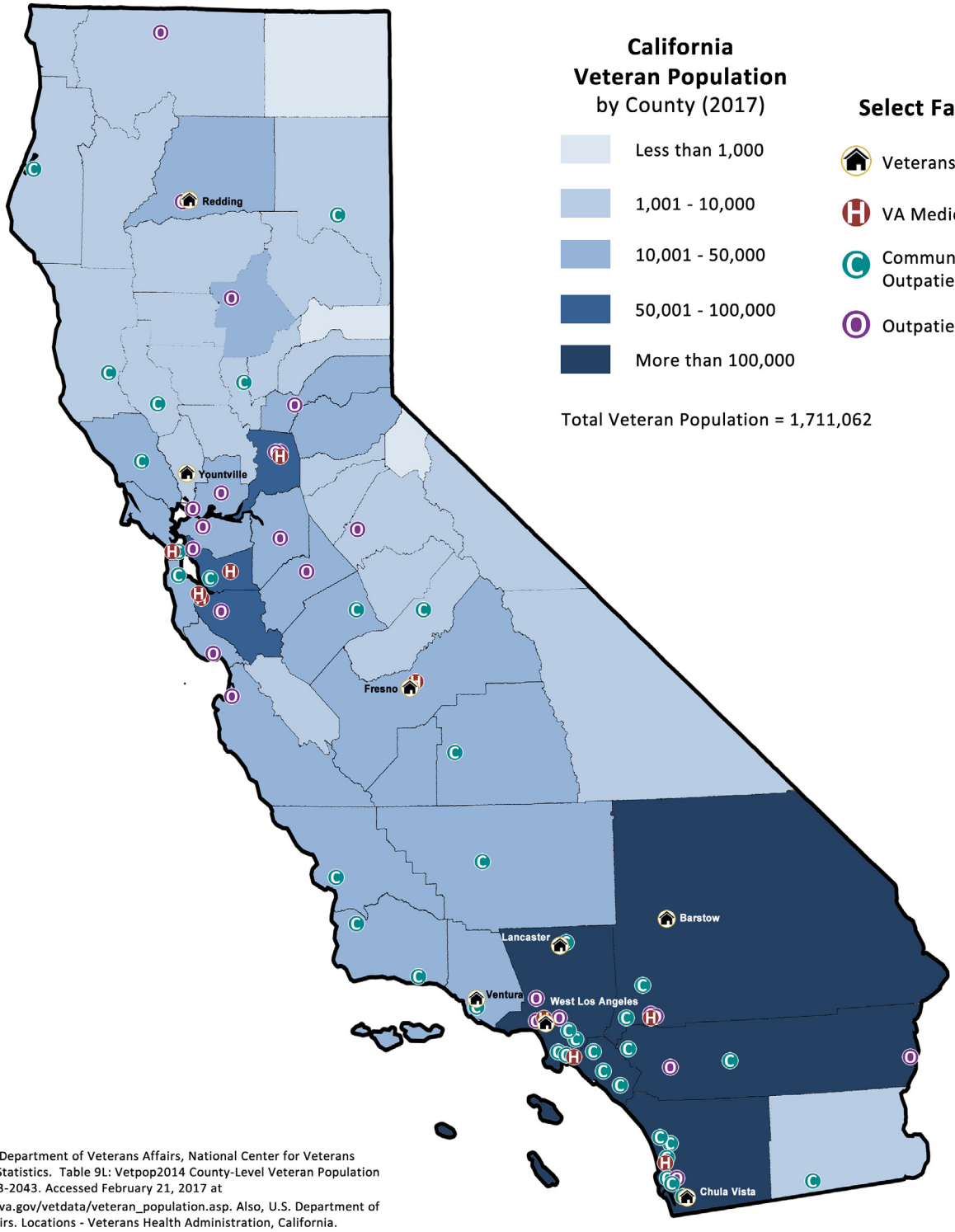
California's veterans, wherever they live, should have access to a full spectrum of healthcare services to meet the growing complexity of their needs as they age. And many resources, beyond those offered in the eight veterans homes, exist. A map on the next page depicts some of the key state and federally-funded health care facilities for veterans, as well as the veteran population by county. Yet, despite efforts to catalogue services for veterans across the state, the Commission heard throughout its review that, too often, veterans are not aware of all resources available to them, including the state's veterans homes.

Since 2010, CalVet has produced an annual California Veterans Resource Book that includes information about state and federal benefits for veterans. The 220-page book describes various health care, education, housing, employment and other services available for veterans in California. Though the book also includes a directory of veterans service offices and organizations, it is not designed for a veteran to easily search for services located in his or her community.

As the state's top veteran organization, CalVet can, and should, better coordinate care among state, federal and other providers to ensure veterans are aware of and access the services to which they are due. CalVet should systematically catalogue, and make available online, in a searchable format, the various resources available to California's veterans in the veterans homes and in communities throughout the state. By identifying existing services for California's veterans, whatever their stage of life, CalVet can begin to build a continuum of care so individual veterans, as well as service providers, can more easily find appropriate programs and services, and coordinate their efforts where possible.

In a 2015 report, *A Customer-Centric Upgrade for California Government*, the Commission recommended state government departments focus on customer needs to improve Californians interactions with government. The Commission encourages CalVet to consider the recommendations from its 2015 report to take a customer-centric approach in cataloguing services and to consult with civic technologists and user experience experts on this endeavor.

California's Veteran Population and Locations of Select State and Federally Funded Veterans Health Care Facilities



Sources: U.S. Department of Veterans Affairs, National Center for Veterans Analysis and Statistics. Table 9L: Vetpop2014 County-Level Veteran Population by State, 2013-2043. Accessed February 21, 2017 at https://www.va.gov/vetdata/veteran_population.asp. Also, U.S. Department of Veterans Affairs. Locations - Veterans Health Administration, California. Accessed February 21, 2017 at https://www.va.gov/directory/guide/state.asp?STATE=CA&dnum=1.

Efforts to Identify Veterans Services

With the goal of better connecting veterans to services, veterans advocacy groups in some communities have begun to develop lists of all regionally available services for veterans. For example, the Ventura County Military Collaborative, comprised of more than 180 government and nonprofit agencies, created a directory of local resources for veterans.[70] Mike McManus, Ventura County's Veteran Service Officer, said the directory helps local veteran service agencies connect veterans to services. "If we're not the direct service provider we'll know who is," he explained.[71]

In Los Angeles, the Community Veterans Engagement Board, sponsored by the U.S. Department of Veterans Affairs and comprised of VA leaders, veterans advocacy groups and community stakeholders, attempted to do an assessment of community-based veterans resources, board member and President and Chief Executive Officer of U.S. Vets, Stephen Peck, told Commissioners. According to Mr. Peck, the effort successfully identified many community-based service options for veterans in Los Angeles, but resulted only in a compilation of organization names and phone numbers. The data was not identified by community, he explained, so veterans could not find out what resources were close to home. He suggested the state should expand on this effort and make information readily available so that wherever a vet walks in a door to get help, there is a resource to inform them what is available nearby.[72]

In 2016, CalVet organized a leadership conference to convene federal VA officials, County Veteran Service Officers (CVSOs) and community-based groups to discuss how to share information and improve coordination to make it easier for California's veterans to access services. Secretary Imbasciani told Commissioners the department plans to compile information from participants and begin to create a list identifying the resources available to the state's veteran population.[73]

Consider Veterans' Changing Preferences. Finally, CalVet leaders should regularly and formally engage veterans across the state and in various stages of life to ask: *How should the state invest its resources to help veterans and where do current programs fall short?*

Historically, the bulk of state funding for veterans has supported the veterans homes. But California's veterans may have different ideas about how and where the state can and should offer help. According to recent research from the AARP, the majority of adults age 65 and older – some 87 percent – prefer to age at home and in their communities rather than in institutional settings like skilled nursing facilities.[74] Anecdotal evidence suggests veterans' preferences are no different. One member of California's veteran board told Commissioners that, from a veteran's perspective, proximity to family and transportation are most important. "If I can stay at home, I will," he said.[75] Another veteran who served during the Iraq and Afghanistan conflicts commented that her peers are not likely to think of retiring in one of the state's veterans homes. "As people get older, I'm not sure if they would want to go to the remote locations. They'd want to be closer to their families," she said.[76]

National spending trends for long-term services and supports indicate a steady and increasing preference for community-based care. A 2015 report by Truven Health Analytics found that in 2013, for the first time, spending on home and community-based services accounted for approximately 51 percent of all state and federal Medicaid spending, surpassing investments in institutional care. At the same time, in California, home and community-based services accounted for 62 percent of spending.[77]

Despite these trends, demand for a slot in one of the state's veterans homes beds will likely remain, particularly for veterans who cannot afford other long-term care options. Unlike privately-run nursing care facilities, the veterans homes do not turn away veterans who can't pay. However, recent trends suggest that in the future, the veterans homes might not be as desirable for self-sufficient veterans or others who can get the care they need in their own homes or communities. "Most veterans will likely prefer to age in place at their own homes," one long-term care expert told Commission staff. "The state should look for opportunities to help them do that."[78]

Redirect Investment Toward Home and Community-Based Care. With the bulk of CalVet's funding invested in the state's eight veterans homes, California lacks less-intensive options to assist older or disabled veterans who need some assistance, but would prefer to remain at home or in their communities. Experts told Commissioners the state should invest in more flexible-care options that can adapt to the changing needs of the state's veteran population. Specifically, they suggested investing in community-based care options rather than investing in building more institutional care. "Community-based care programs are the easiest to size up and down," said Dr. Bruce Chernof, President and Chief Executive Officer of the SCAN Foundation.[79]

Discussion at the Commission's June 2016 advisory meeting focused on exploring community-based models of care to serve a larger portion of California's older and disabled veterans than the homes currently are able to assist. Much of the discussion focused on opportunities to coordinate care and keep veterans in their communities for a considerable amount of time before they need more advanced medical care, like the kind one might receive in a skilled nursing facility.

The U.S. Department of Veterans Affairs Veterans Health Administration offers an array of long-term care services to eligible veterans across the country. In 2015, nearly 750,000 veterans, or about 40 percent of all veterans living in California, were enrolled in the VA health care system and eligible to receive treatment from a VA facility. (However, only 450,000 received treatment from a VA facility.)[80] Services offered by the VA include several home and community-based care programs for veterans in need of skilled services, case management and help with activities of daily living, such as bathing, dressing, preparing meals or taking medication. "We have a laundry list of programs for veterans," Ann Brown, Director of the VA Greater Los Angeles Healthcare System, told Commissioners. "California has the state homes, but that's it. What California doesn't have is options. Not caregiver support, not adult day health care."[81] Federal community-based programs include:[82]

- **Adult Day Health Care** allows veterans to receive health services from nurses, therapists and social workers, as well as participate in social activities and find peer support, companionship and recreation during the day, then return home at night.[83] (CalVet received funding in FY 2017-18 for adult day health care programs at two of its veterans homes, but does not yet have plans to offer these services.)

Additional Long-Term Care Programs for California's Veterans and Others

In addition to the state's veterans home program, California offers a patchwork of programs for long-term care. They include in-home supportive services administered by the Department of Social Services, adult day health care and other programs that serve older adults, caregivers and residents in long-term care facilities administered by the Department of Aging, and Medi-Cal, administered by the Department of Health Care Services.

The Commission reviewed these programs and other programs in its 2011 report on California's long-term care system, *A Long-Term Strategy for Long-Term Care*. At the time, the Commission found that California's long-term care programs were dispersed over several different departments and lack a leader to coordinate efforts, streamline enrollment or assess long-term health needs for frail individuals who wish to stay at home rather than enter a nursing home. The Commission urged the Governor and Legislature to improve the state's assessment, data collection and case management tools and give local governments the flexibility, control and support they need to best meet clients' needs at the local level. Better coordination could assist California's most vulnerable populations, including veterans, find needed medical care. Yet the state has made little improvement in this arena in the six years since the Commission's last review.

- **Home-Based Primary Care** provides health care services in a veteran's private residence. A VA physician supervises a health care team of physicians, nurse practitioners, care managers and social workers to address veterans needs at home. Services include primary care visits, case management, physical, occupational and speech therapy, nutrition counseling and mental health services.[84]

- **Homemaker and Home Health Aide Care** allows veterans to get assistance with activities of daily living as needed, several times a week or just once in a while.[85]

- **Medical Foster Home Care** is a new program offered to veterans who are enrolled in the VA's home-based primary care program as an alternative to nursing care, but in a private home environment. A trained caregiver provides services to a few individuals, who may or may not all be veterans. The VA inspects and approves medical foster homes and pays for and provides a participant's medical care. Veterans pay caregivers out-of-pocket for room and board – about $1,500 to $3,000 a month depending on the level of care needed.[86] Because this is not a mandated program, it is not yet available in all VA medical centers. However, VA staff noted early success for older veterans requiring nursing care, including some with severe dementia, as well as younger veterans suffering from traumatic brain injuries, and some mental health patients because residents get care from consistent providers and have consistent schedules and activities.[87]

These types of community-based care programs likely could help California's population of veterans who can function independently without the need for nursing care, but need some additional services and supports. California currently offers several programs that might assist qualified veterans to stay at home longer. However, more could be done to enhance community-based care options for veterans. For example, the state could amplify the availability of programs to assist veterans in modifying their homes with ramps, medical alert systems or other improvements that would allow them to receive in-home care or bolster resources to help veterans navigate the different programs and funding sources available to them. One long-term care expert suggested that CalVet should invest in case managers to connect veterans to existing services such as Medi-Cal, Medicaid and other VA programs. "It would be in CalVet's best interest to more deeply engage at the county, state and federal levels and coordinate better," she said.[88]

Additionally, several long-term care experts told Commissioners that, through partnerships, the state could enhance supportive housing options for veterans who do not yet require intensive medical care. For example, Mike McManus, Ventura County Veterans Service Officer, suggested the state might establish a voucher program to contract with long-term care providers who set aside rooms for veterans. "It's nice for communities with a home, but look at the math: We have 41,000 veterans in Ventura County and a 60-bed home," Mr. McManus told Commission staff. He said the numbers don't add up when the majority of the county's veterans are older, but the home serves veterans, and qualified family members, from across the state.[89]

Others suggested the state could partner with community-based organizations that offer supportive housing options for veterans. One participant at the Commission's June 2016 advisory committee meeting observed that the capacity of community-based organizations to provide housing for veterans has ramped up due to increased federal funding, as well as California's Housing and Homelessness Prevention Program, or Proposition 41. He noted, however, that community-based homes for veterans don't have capacity to offer the higher levels of nursing home care that is provided by the state's veterans homes, but suggested with enhanced programs "we could hold onto them in the community for a time before they need a skilled nursing facility or memory care."

Supportive Housing Options for Homeless Veterans

An alarming number of California's veterans are homeless. On a single night in January 2016, there were more than 9,600 homeless veterans in California, approximately a quarter of all homeless veterans in the nation.[90] However, an increasing number of housing opportunities for veterans now exist, in part, as a response to a national campaign launched by the Obama Administration and the U.S. Department of Veterans Affairs in 2010 to end veteran homelessness. Some examples:

- Proposition 41, the state's Veterans Housing and Homelessness Prevention Program approved by voters in June 2014, will create an estimated 4,800 new veterans housing units, including more than 1,200 permanent supportive housing units for chronically homeless veterans.[91]
- The federal HUD-VASH (U.S. Department of Housing and Urban Development – U.S. Department of Veterans Affairs Supportive Housing) voucher program provides rental assistance as well as case management and clinical services for homeless veterans.[92]
- Non-profit organizations, such as U.S. Vets, New Directions for Veterans and Swords to Plowshares, among others, operate supportive housing programs at the community level to help veterans successfully address their physical and mental health needs, obtain education, seek employment and otherwise reintegrate into society.

The Commission learned, however, that many of the community-based supportive housing programs currently available for California's homeless veterans, lack the type of skilled nursing care provided in California's veterans homes and other long-term care facilities.

The West Los Angeles veterans home is the only state facility offering a temporary supportive housing option for homeless veterans. CalVet created the program in 2013 by converting 84 skilled nursing beds into domiciliary level beds. These transitional housing beds were authorized while the veterans home completed construction on a kitchen large enough to provide food service to its skilled nursing residents. The kitchen became operational in late 2015. Secretary Imbasciani stated in a May 2016 Assembly Veterans Affairs Committee hearing that he wants to revert those beds to be used for their intended purpose: to provide skilled nursing care to California's veterans. The department will have to go through the licensing process in order to convert these beds back to skilled nursing level of care.[93]

Going forward, CalVet should engage the federal VA and other regional partners to consider how to better coordinate resources for homeless veterans and build a continuum of both temporary and long-term care options for California's veterans.

Conclusion

California was among the first in the nation to commit to investing in housing for impoverished service members at the end of their lives and today boasts the largest system of veterans homes in the nation. For more than a century, the veterans homes have helped California fulfill a commitment to take care of its sickest, most vulnerable veterans. And the eight veterans homes undoubtedly provide an important service, particularly for those who cannot afford nursing care or other medically necessary treatments and need a safe, comfortable place to live out their twilight years. However, currently within the veterans homes, the state also houses some service members who require little more than a place to sleep at night. And the overwhelming majority of California's veterans, particularly those who do not live in the Los Angeles region or a city close to one of the state's existing homes, will never benefit from this costly program.

In reality, so few servicemembers benefit from the homes that California does not have the resources to serve all veterans in need. But, by weighing both the benefits and costs of maintaining the veterans program, CalVet has the opportunity and responsibility to ensure the debt that society owes to veterans is paid in full across the spectrum, not just in one particular area.

California's veterans homes program undoubtedly needs a reboot. The policies governing the veterans homes are vague. It is not clear whether the mission of the veterans homes is to care for sickest veterans, or whether they are intended as a place where all veterans may reside – or at least the sparse minority lucky enough to land a spot in a state veterans home. Current policies potentially allow individuals with little or low income, but other financial resources, to take up limited bed space that should go to those who could not otherwise survive. Policymakers must clarify the mission of the homes is to provide quality nursing and medical care for veterans who otherwise would have no place to turn.

CalVet also should right-size its costly veterans home program to better meet the needs of today's veterans. To start, the state should eliminate its domiciliary program and instead focus the mission on providing care for veterans most in need – those who are no longer capable of living at home or in their communities and need some level of nursing assistance.

Additionally, just as California's veterans population changes and becomes more diverse, so, too, must the state's programs for veterans evolve. Going forward, CalVet leaders and state policymakers should not take for granted the need for the state's veterans homes. Simply because they have been the state's go-to approach in the past to expand veterans services does not make the homes the only viable care model going forward. Repurposing or shuttering veterans homes that have outlived their purpose or not lived up to their promise should be considered viable options when planning for the future.

CalVet should continuously evaluate the veterans home program, along with the needs of the state's overall veteran population, to ensure that the state invests in the most needed model of care and that benefits are spread widely among the veteran population. Any savings that are achieved from streamlining the veterans home program, and improving the program's revenue as discussed in a following chapter, should be directed toward expanding services for veterans. Already, veterans and long-term care experts point to community-based care as a means to expand services to a greater number of veterans, while also allowing veterans to stay close to their homes and families.

Finally, CalVet should leverage its leadership position to build partnerships with the federal government, veterans service organizations and other long-term care providers to create a continuum of care options. CalVet cannot go it alone. But through fostering partnerships in California's strong and active veterans community, California can make strides in helping veterans know what services are available to them, whatever their need, wherever they live.

Recommendations

Recommendation 1: The Legislature should amend the Military and Veterans Code to clarify the homes admissions policies and ensure access for the neediest veterans. Policymakers should consider prioritizing admission based on financial status, disability rating or other factors.

Recommendation 2: The Legislature should amend the Military and Veterans Code to eliminate domiciliary care from the state's veterans home program. Instead, the homes should focus on providing care for veterans in need of high-level medical care, such as skilled nursing care. Existing domiciliary residents should be allowed to remain in the state's veterans homes program as the state gradually moves away from domiciliary care.

Recommendation 3: To determine whether CalVet should repurpose or shutter one or any of the veterans homes, CalVet should establish a process to systematically evaluate and review each veterans home as it approaches its 20-year mark, and periodically thereafter, and make recommendations to policymakers regarding the future of the home. Such a review should include consideration of the needs of the regional veteran population, projections about the changing composition of the veteran population, as well as an assessment of resources available to serve them. Veteran residents, as well as community members and other stakeholders should have a participatory role in the process.

Recommendation 4: CalVet should conduct an assessment to consider the needs of California's overall veteran population. As part of this assessment, the department should project, to the extent possible, the needs of each cohort of veterans over the next several decades. In addition, the department should assess and catalog the array of services currently available for aged and disabled veterans, making this information available online in a user-friendly, searchable format, and identify any critical gaps in services given conclusions from the department's needs assessment.

Recommendation 5: As CalVet repurposes its veterans homes program savings should be redirected to home- and community-based veterans services.

Simplify, Stabilize Funding for the Veterans Homes

As a symbol of California's resolute commitment to its veterans, the state built one of the largest systems of veterans homes in the nation. Though the federal government contributed a significant portion of the funds required to construct these facilities, the state maintains responsibility for their operations and upkeep.[94]

In fiscal year 2017-18, the Governor's Budget allocated approximately $306.7 million to CalVet to operate the state's eight veterans homes. After accounting for reimbursements from the federal government, resident fees and other revenue sources, as described in detail below, ongoing annual operational costs are expected to run California taxpayers upwards of $185 million.[95]

Taking care of veterans in these eight homes, regardless of the level of care, costs approximately $117,000 a year per bed – a figure experts in long-term care say is more than enough to pay for exceptional private nursing home care in a high-cost state like California.[96] In comparison, the statewide average annual cost of care in an assisted living facility in 2016 was $48,000. Average annual costs of skilled nursing home care in California are $91,250 for a semi-private room and more than $112,000 for a private room. Estimates suggest these costs will increase approximately 34 percent by 2026.[97]

Policymakers and others must consider: Is there a better way to invest state resources in order to care for more of California's most vulnerable veterans?

Over the course of its review, the Commission learned that other states have figured out how to operate their veterans homes on a combination of federal funds, fees and financial contributions from residents, largely or entirely without state funds. This is done in a variety of ways, through admissions policies, by limiting the kinds of care the veterans homes provide and by enacting more cost-sharing measures that hold veteran residents accountable for the cost of their care. The Commission does not advocate defunding state support for California's aging and disabled veterans. It is however calling for policymakers to consider other strategies that might enable the state to leverage its investment to extend care to more veterans.

A Complicated Budget Process Obscures Costs, Revenue Sources

The current budget process for the state's veterans homes, which requires CalVet to track revenues at each of the homes to offset up-front General Fund contributions, obscures the homes' annual impact on the overall state budget. Yet, without easy access to these figures, it is difficult for policymakers and others to track spending trends and analyze how California's homes compare to peers in other states.

Like other California state agencies, CalVet annually receives an appropriation from the General Fund in the state budget with which it operates the veterans homes. Unlike many others, however, CalVet collects revenue throughout the year in the form of federal payments, insurance and other reimbursements which are used to offset or pay back a portion of the department's General Fund expenditures. Thus, the amount of funding allocated in the budget does not accurately represent the true cost of the veterans homes program for any given budget year.

Up-front Allocation. The homes' annual General Fund allocation is based on two figures: staffing levels and projected census (an estimate of the average daily census or, as described to Commission staff by one CalVet official, the number of "heads in beds"). In fiscal year 2017-18, CalVet will receive approximately $306 million from the General Fund to operate the homes, not including the cost to run the systems' headquarters. This will support approximately 2,900 positions and a projected average daily census of 2,528 residents.[98] This amounts to approximately 81 percent of CalVet's total anticipated support from the General Fund in fiscal year 2017-18.[99] But, because of the revenue collected and paid back

throughout the year, it is not accurate to say that this is the annual operating cost of the veterans homes.

Revenue. To offset or reimburse the veterans homes' General Fund expenditures, CalVet collects revenue from a variety of sources, including the U.S. Department of Veterans Affairs, federal, state and private health insurance plans, and fees charged to resident members. Primary revenue sources for the homes include:

- **Federal Per Diem:** A daily amount paid by the United States Department of Veterans Affairs to each home for each veteran resident. Rates vary depending on level of care and the veteran's service-connected disability.[100]

  The standard per diem rate in 2017 is $106.10 per veteran for nursing home care, $45.70 per veteran for domiciliary care and $84.52 per veteran for adult day healthcare. The per diem is enhanced for veterans with service-connected disability of 70 percent or higher – meaning that their disability was incurred or aggravated in the line of duty in the active military, naval or air service – or for veterans who need nursing care due to their service-connected condition.[101] The rates of the enhanced per diem vary each year and are dependent on the actual cost of care in each facility and geographic area. In 2017, the enhanced per diem is $569.63 at the Yountville veterans home, $544.76 at the Redding home and $495.84 at the veterans homes in Barstow, Fresno, Chula Vista and West Los Angeles.[102] Federal law specifies that veterans homes may not collect member fees for veterans receiving enhanced per diem; this amount is considered "payment in full to the state home" for care provided to qualifying veterans.[103]

- **Aid and Attendance:** Funding from the United States Department of Veterans Affairs for residents in need of nursing level care to provide additional assistance with activities of daily living. The current payment rate is $716 per month.[104]

- **Medicare:** A federal health insurance program for people age 65 and older or certain younger people with disabilities or end-stage renal disease. For those residents enrolled in the program, CalVet may receive reimbursement for medical care provided, as well as for certain other expenses, such as prescription medications.[105]

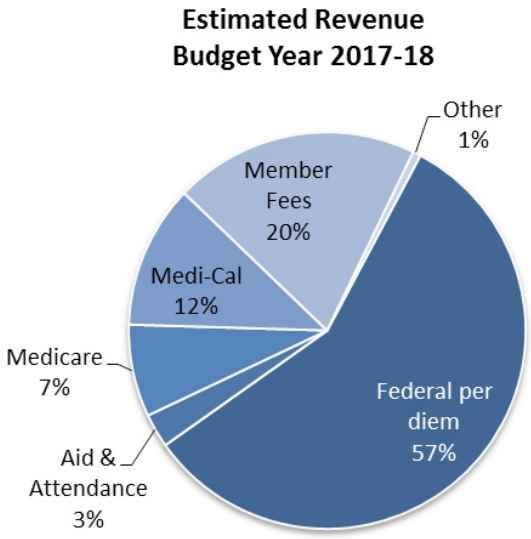
- **Medi-Cal:** A joint federal-state health care program for low-income individuals. The federal government generally contributes 50 percent of the costs. For residents enrolled in the program, CalVet may receive reimbursement for essential medical care services provided to preserve health, alleviate sickness and mitigate handicapping conditions.[106]

- **Private Insurance:** CalVet receives payments from a resident's private insurance, including health maintenance organizations.[107]

- **Member Fees:** As defined by the Military and Veterans Code, CalVet charges a percentage of a resident's annual income as determined by his or her level of care. The percentages, which are set in state law, are as follows: 47.5 percent for domiciliary care, 55 percent for residential care for the elderly or assisted living, 65 percent for intermediate care and 75 percent for skilled nursing care.[108]

- **Lease Agreements:** Lease income generated from the state-owned property at the veterans homes.[109]

CalVet anticipates collecting $121.5 million in revenue for budget year 2017-18. More than two thirds would come from the federal government in the form of per diems, Aid and Attendance and Medicare.[110] When collected, this will offset approximately 39 percent of the cost of running the homes.



Source: California Department of Veterans Affairs.

Despite Offsets, Veterans Homes Remain Dependent on General Funds to Operate: Despite revenue collected to offset state spending, California's veterans homes rely heavily on the General Fund. Indeed, the majority of funding for the homes comes from the General Fund. In 2017-18, General Fund support is expected to exceed $185 million even after reimbursements.

CalVet officials told the Commission that regulations governing the fiscal structure of the state's veterans homes ultimately place the burden of paying for care provided in the homes on California taxpayers. What is not collected in "revenue" is paid for from the General Fund. For example, state regulations specify that "The Veterans Home of California shall admit all eligible applicants, provided that *care for their needs can be furnished within the available resources of the Veterans Home* and subject to the levels of care for which direct admission is permitted."[111] CalVet officials told Commission staff the department interprets this, and similar references, to indicate that the department – not home residents – ultimately is responsible for the cost of resident care.[112] In other words, when insufficient funds are collected to pay for the cost of resident care, CalVet, as the payer of last resort, holds that responsibility.

A Strategic Goal to Increase Revenue: Following a 2013 report from the State Auditor that called on CalVet to maximize its ability to generate revenue at the veterans homes, department officials formalized a goal to increase revenue in the Yountville, Barstow and Chula Vista Veterans Homes by 7 percent a year, to offset the costs to the General Fund by 70 percent by 2016-17.[113]

CalVet representatives said they have been making progress, particularly by hiring four additional claims representatives to help veteran residents file claims for Aid and Attendance from the U.S. Department of Veterans Affairs. The claims representative for the Fresno home, for example, had processed 37 claims, generating more than $400,000 in one-time retroactive payments and more than $50,000 in new monthly benefits, Coby Petersen, deputy secretary for the Veterans Homes, told the Commission in October 2015.[114] In addition, particularly in its newer homes, CalVet officials have prioritized filling beds to recoup federal per diem and other reimbursements. CalVet estimates that by filling the beds in the three newest homes the department could increase its revenue by more than $45 million annually. The department also has bolstered efforts to educate and enroll qualified residents in Medicare plans.

Even with these improvements, it typically takes the department several years to collect all anticipated revenue. For example, as of November 2016, the department had collected approximately $81.9 million out of an anticipated $102.5 million in reimbursements for fiscal year 2015-16. CalVet received approximately $285 million in fiscal year 2015-16 to operate the homes, not including funds to support headquarters or to repay lease revenue bonds. When all anticipated reimbursements are received, this will amount to approximately 35 percent of General Fund revenues for fiscal year 2015-16.[115]

"Now, the average cost in the homes is about $320 per day, but we get on average about $110 per day in fees. Taxpayers are footing two-thirds of the cost of care. The goal is to reverse this to one-third."

Dr. Vito Imbasciani, Secretary, California Department of Veterans Affairs. November 30, 2016. California Veterans Board meeting, Sacramento, CA.

The state's newest veterans homes in West Los Angeles, Redding and Fresno have recently received Medicare certification and recognition from the U.S. Department of Veterans Affairs. CalVet now can collect federal per diem for eligible residents, which also should improve the homes' revenue. Previously lacking these certifications, CalVet was prevented from collecting federal reimbursements and had to instead rely on revenue from residents' fees, which are generally significantly lower than the actual costs of care.[116]

Still, department officials told the Commission in March 2016, statutory limitations on the homes' fee structure and other financial components prevent the state's veterans homes from being cost neutral.[117] Essentially these limitations are policy choices that have been made over time by the Legislature and Governors.

Other States Operate Veterans Homes with Little Cost to State Taxpayers

California's contributions to its veterans homes far exceed what many other states invest in operations. A survey of 28 other states conducted by CalVet staff in 2013 on the cost of care and fees charged to residents found that nearly 30 percent of the states participating in the survey used little to no state funds.[118] Veterans homes in several states, including Texas, Colorado, Florida, Maine, Tennessee and Utah, are entirely self-sufficient, paid for by a combination of federal funds, fees and financial contributions from residents.[119] Though CalVet has prioritized increasing revenue from other funding sources, it remains more dependent on state funds than its peers.

Tennessee's four veterans homes operate on an annual budget of approximately $50 million, without state funds. The homes rely on funding from government programs like Medicare, Medicaid and other programs offered for veterans by the U.S. Department of Veterans Affairs that reimburse qualified individuals for health care and related expenses, as well as private insurance and fees paid directly by residents. Ed Harries, executive director of the Tennessee State Veterans' Homes Board told Commission staff that the system's revenues exceed operating expenses, providing the homes an emergency fund of $17 million. Indeed, state money is sought only to assist with the cost to construct new homes. Mr. Harries attributed the homes' financial health to its board, which operates as a political subdivision and instrumentality of the state and allows the homes to operate like a for-profit nursing home. The organization is "self-operating, self-sufficient and growing for the future," Mr. Harries explained.[120]

Over the course of its review, the Commission heard from CalVet officials and others that the statutes and regulations governing the homes' finances are outdated and have prevented the homes from operating as efficiently as peers in other states.

In part, CalVet officials point to regulations that they say require the veterans homes to take ultimate responsibility for incurring the cost of care for their residents. Additionally, some suggest that by incentivizing revenue collection from other sources, as is done in other states, California's veterans homes could increase revenues and significantly reduce dependence on the General Fund. Legislative changes that govern how the homes collect revenue from several key sources – resident fees, health insurance programs and federal reimbursement programs – offer opportunities for savings:

Resident Fees: States have flexibility to determine how much to charge veterans home residents. While some states charge residents fees based on the cost of their care, California charges residents based on a percentage of their incomes. For low-income residents who rely on Social Security as their primary income source, the amount paid is significantly less than the actual cost of their care. This fee structure makes the state pay the difference.

In Maine, the amount veterans home residents pay for their care varies based on whether they qualify for Medicare, Medicaid or are paying privately. "If residents apply for Medicaid and are denied because they are over the asset limit, we consider them private pay and they are responsible for the charge. We set a rate structure, not based on income, but based on our analysis of our cost structure. There is no directive or statue about how much they pay."[121]

The Tennessee State Veterans' Homes set fees upfront, before residents are admitted. Potential residents need only review the homes' website to find out how much it will cost: $230 per day plus the cost of medications for long-term care room and board.[122] The homes' admission agreement enumerates the various ways residents can

pay this fee – with a combination of Medicare, Medicaid, private insurance or assistance from U.S. Department of Veterans Affairs – as well as what happens when a resident fails to pay.[123] In evaluating applicants to the homes, "income levels aren't taken into play," Mr. Harries told Commission staff. He said "a veteran's socio-economic status and assets are between the veteran and Medicaid if that's the route they are going." If veterans don't pay the home's fees, they are issued a discharge notice and get a call from the home's general office. "We can put liens on their property," Mr. Harries explained. "My advantage over for-profit homes is that my arm for collections is the Tennessee Attorney General."

In Washington, the veterans homes establish a daily room rate for residents – $231 for skilled nursing care – which captures the full cost of their care. Residents use the same payment sources they would in other nursing homes or care facilities, namely, Medicare, Medicaid, private pay and long-term care insurance. Residents unable to pay the daily room rate must agree to apply for Medicaid and any other benefits, insurance or entitlements for which they are eligible. They also are required to spend down their assets until they are exhausted, and then enroll in the state's Medicaid program where the federal government contributes to the cost of their care.[124]

In California, resident fees are not set upfront based on the cost of care. Instead they are determined by a resident's income level. Thus, the amount residents pay to live in one of the state's veterans homes varies based on the level of care they receive and the amount of their annual income. Specifically, statutory code specifies that CalVet may charge 47.5 percent of a resident's annual income for domiciliary care, 55 percent for residential care for the elderly or assisted living, 65 percent for intermediate care and 70 percent for skilled nursing.[125] For example, a resident in one of the home's skilled nursing programs receiving $1,000 a month in Supplemental Security Income would pay 70 percent of their income, or $700 per month, for their care. But, the Chula Vista administrator noted in testimony to the Commission, the cost of care for a skilled resident could be $200 to $500 a day, depending on the necessary treatments, medications, and other services or supplies. If this resident also was enrolled in the Medi-Cal program, the $300 a month in income could, if it went unused, eventually add up to an amount sufficient to disqualify the resident from reenrolling in Medi-Cal, thus requiring the home to carry the bulk of the cost with no one to bill. (To participate in Medi-Cal, applicants cannot exceed $2,000 in personal property, including cash reserves in savings or checking accounts.)[126]

"The problem is the fee structure prevents basing what we charge a resident on the cost of their care," one senior home administrator told Commission staff. "We charge based on a percentage of their income, which is a fraction of what it [the charge] could be."

Though some argue that maintaining the current fee structure is a policy choice intended to ensure that care remains affordable for residents, this policy prevents the state from tapping into other funding sources upon which other states rely. Under the current policy, veterans home residents in California are not required to spend down their assets to help pay for the cost of their care. Theoretically, a veteran could enter one of the state's veterans homes with a low-income level, but millions of dollars worth of assets in an owned home. Because state law requires resident fees to be set based on income, but does not account for their total assets, the state taxpayers cover the difference. For those with fewer resources, this policy also discourages residents from spending down their assets to the point at which they could qualify for Medi-Cal, the state's health insurance program for low-income individuals. Some suggest that if residents were charged fees based on the actual cost of their care, they might have greater incentive to maintain private insurance or enroll in other public assistance programs to help cover the cost of care.

It is important to note that upon death of a resident, CalVet may collect from the resident's estate any remaining obligations owed the home. However, CalVet collects approximately 10 percent of unreimbursed costs this way because most residents do not have substantial assets, such as homes, rental properties, stocks or bonds. These reimbursements are placed in the state Morale, Welfare and Recreation Fund – which provides for the general welfare of veterans home residents – not the General Fund.[127]

Enrollment in health insurance programs:
Reimbursements from health insurance programs can significantly offset the cost of care provided to veteran home residents. As described above, some states require residents to pay their share of the cost of care through

various means, including maintaining enrollment in health insurance and other benefit programs for which they are eligible.

In California, state regulations require potential residents of the state's veterans homes to demonstrate that they have health insurance before they are admitted to a home. Specifically, veterans must be participating in a qualified private health service plan, a U.S. Department of Veterans Affairs medical program or have an application pending for such coverage. Non-veteran applicants must be participating in a federal, state or private health service plan prior to being admitted.[128]

Current regulations do not, however, require residents to continue to provide evidence of insurance annually. Because CalVet is considered the payer of last resort, the department is left footing the bill when residents fail to maintain insurance. In practice, home administrators told Commission staff that this loophole means that the homes are missing out on a potential revenue source, while CalVet staff has to spend a lot of time trying to get residents to maintain their health insurance. They can encourage residents to reapply and they dedicate staff to helping residents fill out enrollment forms. But they lack a mechanism to require residents to maintain health insurance. It's not the law.

Even for some veterans home residents who have health insurance, coverage may be insufficient to pay the costs of their care, participants at the Commission's June 2016 advisory meeting explained. Since the Affordable Care Act was enacted in 2010, more than 3.8 million Californians have gained health insurance coverage, including an estimated 1.18 million who enrolled in Medi-Cal, California's Medicaid program which was expanded under the Act.[129] Because of their age, many veterans home residents qualify for and receive Medicare benefits. However, he noted these benefits do not cover all health care costs. For example, a resident may be enrolled in a basic health insurance program, but elect not to purchase supplemental coverage to assist with the cost of prescription medication or long-term care.

Other veteran residents may have health insurance coverage through the federal VA, but have difficulty accessing care if there is no VA hospital or clinic near the veterans home. For example, to visit a VA hospital, residents in the Redding veterans home need to travel 170 miles to the VA Medical Center in Sacramento or visit a non-VA provider. Still others who are eligible for federal benefits may not enroll to receive them because the extended travel time to reach a VA health facility is too great a barrier.

Senior CalVet officials told Commission staff that while residents in other states' veterans homes might be referred to a debt collection agency or risk eviction for failing to maintain insurance coverage or enrollment in other benefits programs, there are no incentives for residents in California to complete annual re-enrollment paperwork. The administrator of the Chula Vista Veterans Home explained that to remain eligible for Medi-Cal, participants have to recertify their eligibility annually. However, if a resident or their representative with power of attorney doesn't fill out the paperwork, there are no ramifications and nothing in law to require them to submit an update. "We're doing what we can to collect," he said, "But if a resident has all their needs met we have no teeth to compel them to re-enroll."[130]

Secretary Imbasciani told Commissioners that he wants to make it a requirement for residents to maintain insurance in order to help defray the cost of care.[131]

Per Diem: The U.S. Department of Veterans Affairs reimburses states for providing nursing home care, domiciliary care and adult day healthcare to eligible veterans. States receive a higher, or enhanced, per diem rate when caring for veterans who have a service-connected disability, meaning they are disabled by an injury or illness that was incurred or aggravated during active military service. Veterans who have a service-connected disability rated at 70 percent or higher and who need nursing home care are eligible to receive the enhanced per diem.[132]

In order to maximize federal reimbursements, some state veterans homes have prioritized admission of veterans who are eligible to receive enhanced federal funding based on a medical diagnosis that assesses their level of disability. The administrator of one state veterans home in Florida, for example, told Commission staff her facility prioritizes veterans who are service-connected. "We do serve others, but if they're on the service-connected disability list, they go to the top of the wait list," she said.[133]

California's veterans homes do not give admission preference to veterans based on their service-connected

disability. Many veterans living in the homes may have some service-connected disabilities, but not enough to get at least a 70 percent rating. For example, more than 450 residents, or about 8 percent of all CalVet veteran home residents in 2014-15, had some service-connected disability. But only 157 were rated high enough to qualify for enhanced per diem funding from the federal Department of Veterans Affairs.[134]

While some believe service-connected veterans are most deserving of assistance because of the level of their disability, others caution that prioritizing admissions for this subset of veterans could be viewed as discriminatory. Because a veteran's service-connected rating must be generated by the U.S. Department of Veterans Affairs, any veteran who has not been evaluated by the VA health system would essentially be precluded from living in the homes. California's policymakers should consider whether California should grant priority admission based on disability. At a minimum, CalVet should develop strategies to help more veterans become evaluated so they may receive the benefits to which they are due. Currently, budget trailer bill language introduced in January 2017 would authorize CalVet to prioritize admission to veterans who have a 70 percent or higher service-connected disability rating from the U.S. Department of Veterans Affairs.[135]

Conclusion

Over the course of its review, the Commission heard from many stakeholders, as well as the CalVet Secretary, that the state's laws and policies governing the homes are in need of a thorough review. Previous legislation introduced in 2016 attempted to update the Military and Veterans Code Sections relating to the veterans homes and modify some aspects of the fee structure and admissions policies.[136] Though this legislation was not fruitful, the Commission believes this effort should be revisited and expanded. The reforms proposed in the January 2017 budget trailer language are a good start.

The Commission commends CalVet leaders for undertaking a review of the Military and Veterans Code and updating current regulations in order to improve standardization and administrative functions across the veterans homes and reduce the department's impact on the General Fund.[137] Yet, CalVet alone cannot decide what policies will best serve the state's veterans. The Governor and Legislature, too, must engage.

In improving how the state manages its veterans homes, policymakers have a significant opportunity to reconsider how California cares for its veterans and create a more efficient and effective system of care to help more of those who have served.

In the past, California's policies for its veterans homes have reflected a value of serving all veterans regardless of their income or assets. Yet, today, some believe these policies may unintentionally favor a small group of veterans who are able to reside in the homes while thousands of others go underserved or unserved in communities and on the streets of major cities across the state. The Commission agrees. To build a system of care for the state's most vulnerable veterans, policymakers and thought leaders must question previous assumptions to ensure they continue to best serve veterans today and tomorrow. To begin, California must stabilize its funding mechanisms for the homes, balancing payer sources among state and federal government entities, as well as the residents, in order to create a more efficient system. California can no longer afford to simply issue a check from the General Fund each year and ask the veterans homes to chase revenue in hopes it will catch up with the costs. In return for the care that they receive, California must ask its veterans homes residents to become good stewards of their care, accountable for maintaining insurance or enrollment in benefit programs to help cover the cost of their care. Inevitably, some veterans will not have sufficient personal resources to pay for their care. The intent is not to limit in any way their access to the homes – just the opposite – but rather to help them enroll in other supportive programs that could contribute to the cost of their care. Adjusting the veterans homes policies to reduce their dependence on state funding is not out of line with California's tradition, particularly if pared with other changes that might allow the state to reinvest savings in other programs to serve more veterans.

Yet, the state, too, must better understand what drives the costs of providing care in its veterans homes. Within the homes, policymakers should revisit regulations that are interpreted to require the homes to provide residents unlimited access to care and instead define what services and supplements should be included for veterans home residents. The department also should analyze staffing levels across the homes to determine what drives

costs and to identify opportunities for improvement. Opportunities also may exist to better predict and account for ongoing facilities costs. For example, CalVet should have a mechanism to monitor, plan for and address maintenance issues across the system, but particularly in the oldest homes. The department maintains an ongoing list of identified projects that require attention at each home which it prioritizes annually for funding.[138] But, by only focusing on projects for the next fiscal year, this system is imperfect for long-term planning. Without a thorough and true accounting of the costs of operating and maintaining the state's eight veterans homes, policymakers and others cannot begin to consider whether other approaches might enable the state to assist more veterans.

Recommendations

Recommendation 6: To streamline and modernize the state's veterans home program, the Governor and Legislature should amend the Military and Veterans Code to:

- Define the scope of benefits included for veterans home residents.
- Empower CalVet to establish daily costs of care per resident, for each level of care.
- Clarify that veterans home residents are charged fees based on the cost of care and may pay for those fees from various sources, including the U.S. Department of Veterans Affairs per diem and other reimbursements, health insurance or private income.
- Require veterans home residents to maintain adequate health insurance throughout their residence in a veterans home.

Recommendation 7: CalVet should amend regulations to specify consequences for residents who do not maintain adequate insurance coverage or otherwise pay their share of their costs.

Recommendation 8: To enhance fiscal transparency, CalVet should make available, online in an accessible format, its financial reports to the Legislature, which should be augmented to include:

- The amount of state funds budgeted to each home and the amount of revenue collected, and if necessary, the remaining amount of expected revenue, over a period of several years.
- The costs of care per resident, by level of care for each veterans home.
- The costs of facility maintenance, as well as projections for future maintenance costs, for each veterans home.

Appendices

Appendix A

Public Hearing Witnesses

The lists below reflect the titles and positions of witnesses at the time of the hearings.

Public Hearing on CalVet Veterans Homes
October 15, 2015
Sacramento, California

Keith Boylan, Deputy Secretary, Veterans Services Division, California Department of Veterans Affairs

Marina Fisher, Graduate Student Researcher, Berkeley Center for Health Technology

Theresa Gunn, Deputy Secretary, Farm and Home Loan Division, California Department of Veterans Affairs

Coby Petersen, Deputy Secretary, Veterans Homes, California Department of Veterans Affairs

Ted Puntillo, Director of Veterans Services, Solano County

Public Hearing on CalVet Veterans Homes
March 3, 2016
Sacramento, California

Timothy Bouseman, Administrator, Veterans Home of California, Redding

Ed Harries, Executive Director, Tennessee State Veterans Home Board

Lael Hepworth, Administrator, Veterans Home of California, Chula Vista

Dr. Vito Imbasciani, Secretary, California Department of Veterans Affairs

Coby Petersen, Deputy Secretary, Veterans Homes, California Department of Veterans Affairs

Charlene Taylor, Chair, California Veterans Board

Donald Veverka, Administrator, Veterans Home of California, Yountville

Appendix B

Advisory Committee Meeting Participants

The lists below reflect the titles and positions of witnesses at the time of the hearings.

Advisory Committee Meeting on the Future of the Veterans Homes Program
June 17, 2016
Veterans Home of California, West Los Angeles
Los Angeles, California

Monica Banken, Outreach Programs Coordinator, RAND Corporation

Inna Berger, President and Chief Executive Officer, Oxnard Family Circle ADHC

Ann Brown, Director, VA Greater Los Angeles Healthcare System

Jessica Brown-Mason, Director, The Salvation Army Haven

Hugh Crooks, Vice Chair, California Veterans Board

Kathy Gaither, Retired Annuitant, California Department of Veterans Affairs

Scotte Hartronft, Chief of Staff, VA Greater Los Angeles Healthcare System

Ted Howells, Chief Executive Officer, New Directions for Veterans

Sarah Hunter, Senior Behavioral Scientist, RAND Corporation

Dr. Vito Imbasciani, Secretary, California Department of Veterans Affairs

Elizabeth Laughton, Associate, Munger, Tolles & Olson LLP

Julian Manalo, Administrator, Veterans Home of California, West Los Angeles

Mike McManus, Veteran Services Officer, County of Ventura

Caroline Morales, Member, California Veterans Board and Lieutenant Colonel, U.S. Army

Stephen Peck, President and Chief Executive Officer, U.S. Vets

Milo Peinemann, Senior Director of Housing and Public Policy, New Directions for Veterans

Dr. Jonathan Sherin, Executive Vice President for Military Communities and Chief Medical Officer, Volunteers of America

Pouneh Simpson, Chief Financial Officer of Veterans Homes, California Department of Veterans Affairs

Paul Sullivan, Deputy Secretary, Communications and Public Affairs, California Department of Veterans Affairs

Fernando Torres-Gil, Professor of Social Welfare and Public Policy at UCLA and Director of the UCLA Center for Policy Research on Aging

Richard Valdez, Department Legislative Director, Disabled American Veterans Department of California

Advisory Committee Meeting on the Future of the Yountville Veterans Home
November 17, 2016
Veterans Home of California, Yountville
Yountville, California

Keith Armstrong, Director, San Francisco Veterans Affairs Health Care System Family Therapy Program, U.S. Department of Veterans Affairs

Lorena Barrera, Field Representative, Office of U.S. Congressman Mike Thompson

Thomas Bucci, Director of Long-Term Care, California Department of Veterans Affairs

Pete Conaty, Lieutenant Colonel, U.S. Army (Retired)

John Dunbar, Mayor of Yountville

Callie Freitag, Fiscal & Policy Analyst, Legislative Analyst's Office

David Gerard, Director, Capitol Development & Construction Division, California Department of Veterans Affairs

Dr. Vito Imbasciani, Secretary, California Department of Veterans Affairs

Liam Kelly, Principal, KPMG Infrastructure Advisory

Tracy Krumpen, District Director, Office of Senator Lois Wolk

Christine Loeber, Executive Director, The Pathway Home, Inc.

Julian Manalo, Administrator, Veterans Home of California, West Los Angeles

Craig Middleton, Former Executive Director, The Presidio Trust

Lourdes Morales, Senior Fiscal & Policy Analyst, Legislative Analyst's Office

John Moreno, Consultant, Office of Assemblymember Bill Dodd

Coby Petersen, Deputy Secretary, Veterans Homes of California, California Department of Veterans Affairs

Neil Remnant, Member, Allied Council

Bruce Saito, Director, California Conservation Corps

Pouneh Simpson, Chief Financial Officer of Veterans Homes, California Department of Veterans Affairs

John Spangler, Chief Consultant, Assembly Committee on Veterans Affairs

Ursula Stuter, Deputy Administrator, Veterans Home of California, Yountville

John Swensson, Veterans Advocate, De Anza College

J.P. Tremblay, Deputy Secretary, Legislation & Government Relations, California Department of Veterans Affairs

Donald Veverka, Administrator, Veterans Home of California, Yountville

Ed Warren, Chair, Yountville Allied Council

Leon Winston, Chief Operating Officer and Housing Director, Swords to Plowshares

State of California

LITTLE HOOVER COMMISSION

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Jack Flanigan

Chad Mayes
Assemblymember

Don Perata

Sebastian Ridley-Thomas
Assemblymember

Richard Roth
Senator

David Schwarz

Jonathan Shapiro

Sumi Sousa

Carole D'Elia
Executive Director

December 8, 2015

The Honorable Edmund G. Brown Jr.
Governor of California

The Honorable Kevin de León
President pro Tempore of the Senate
and members of the Senate

The Honorable Jean Fuller
Senate Minority Leader

The Honorable Toni G. Atkins
Speaker of the Assembly
and members of the Assembly

The Honorable Kristin Olsen
Assembly Minority Leader

Dear Governor and Members of the Legislature:

With this letter, the Little Hoover Commission is taking an unprecedented step in drawing immediate attention to critical infrastructure issues raised in a current review of the California Department of Veterans Affairs (CalVet) that began with a public hearing in October 2015, followed by a November site visit to the Yountville Veterans Home. At the hearing and on the site visit, the Commission learned that the Yountville Veterans Home, through deferred maintenance and neglect, is failing to provide the safe and dignified living environment that California veterans deserve. There are critical infrastructure repairs requiring immediate and ongoing attention at this once crown jewel of the state's veterans home program.

On the day of the Commission's visit, only one of the five elevators in the N.M. Holderman building – a multi-story skilled nursing facility housing 230 veterans – was functional. According to residents, the elevators have been broken for many months. It is unconscionable that these veterans who served our nation and now require wheelchairs, scooters and walkers for mobility, are seemingly trapped indoors waiting for the sole functioning elevator while state bureaucracy fails to move on timely repairs. It is our understanding that the department is now addressing this issue, but the length of time required for action reflects a systemic issue with facility management.

The Commission also learned that the antiquated heating system was out in one building at the home for more than a month. Because the state has not invested in new equipment, repairs take longer when parts are hard to find or have to be custom built. It is unacceptable that the men and women who risked their lives for our freedom should have to face additional health and safety hazards while living in a California veterans home. For Yountville to remain a safe, viable home, repairs and infrastructure upgrades are desperately needed. The Commission urges immediate action.

The Commission's review of CalVet stems in part from the Commission's work two years ago. In its 2013 report, *An Agenda for Veterans: The State's Turn to Serve,* the Commission called on policymakers to improve outreach to the state's nearly two million veterans and assist the federal government in reducing an unreasonably excessive backlog in processing claims. The Commission convened the October 2015 public hearing to assess the progress that CalVet has made implementing the recommendations from its 2013 report. I am pleased to report significant progress has been made in reducing the backlog of claims and expanding outreach to veterans. Testimony provided at the October 2015 hearing indicates the CalVet strike teams' assistance in claims processing has brought in nearly $87 million in one-time payments to California veterans and additional annual payments of $141 million.

Additional state funding provided to the County Veterans Service Officers helped hire more than 60 additional county-level staff who assisted in submitting over 13,000 new claims for veterans. This resulted in $32 million in new federal benefits. The Commission commends policymakers for making these investments and recommends the state continue to measure and report the results of these efforts to the Legislature.

The October 2015 hearing served another purpose – to respond to a letter from Assemblymember Jacqui Irwin, Chair of the Assembly Committee on Veterans Affairs, asking the Commission to conduct a new assessment and provide "much needed recommendations to guide CalVet toward the standards of excellence our veterans deserve." She noted "the extremely high degree of turnover in the very leadership team noted by the Commission as critical to progress and the continued lack of a systemic approach" to managing the state's veterans homes. She specifically asked the Commission to assess the veterans home and home loan programs.

Since the Commission's 2013 report, two secretaries have stepped down, three undersecretaries have left and there has been significant turnover in top administrators at a majority of the state's eight veterans homes. The Commission welcomes the September appointment of Vito Imbasciani as the new Secretary and commends his willingness to accept the difficult challenge in restoring leadership and confidence in the department, particularly in the veterans homes division.

At the October 2015 hearing, the Commission learned that the once-beleaguered home loan program has overcome various challenges, including low utilization during the Great Recession, and is now providing needed and valuable lending services to a growing number of veterans. It is a self-sufficient program that likely will need voter approval for additional bond funding to continue to provide affordable home loans to California veterans.

Clearly the state can and must do better with its veterans homes program, which has grown in the past several years from three to eight homes. The program consumes approximately 80 percent of the department's $426.6 million budget, yet serves less than one percent – approximately 2,500 – of the state's 1.8 million veterans. Much of the budget for the homes, approximately two-thirds, comes from the state General Fund. More importantly, the Commission learned that the quality of care, as measured by the Centers for Medicaid and Medicare Services, has fallen at all three of the older skilled nursing facilities from four- and five-star ratings – the highest possible – to two- and three-star ratings. On the health inspection rating, the only portion of the rating system that is not self-reported, two facilities scored one star, the lowest possible rating, while the third facility scored a two-star rating. This is not acceptable. The Commission intends to continue its review of the veterans home program with additional research, site visits and another public hearing in the State Capitol in 2016 and will provide recommendations later next year. But the Commission could not stand by as the study proceeds without drawing attention to the urgent maintenance and infrastructure issues at the Yountville home.

The Commission looks forward to assisting the Administration and the Legislature as it continues its review of the veterans home program and particularly looks forward to a timely update on the progress on the urgently needed infrastructure repairs at the Yountville home.

Sincerely,

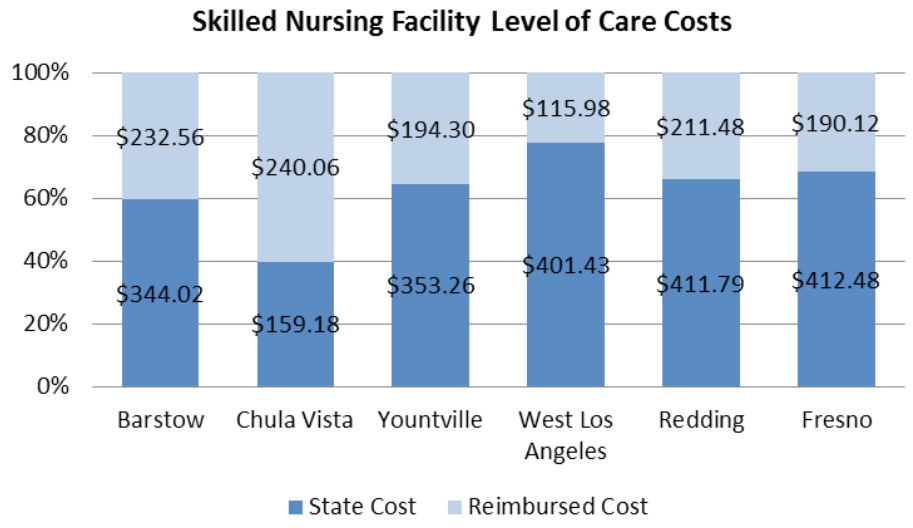
Pedro Nava
Chairman

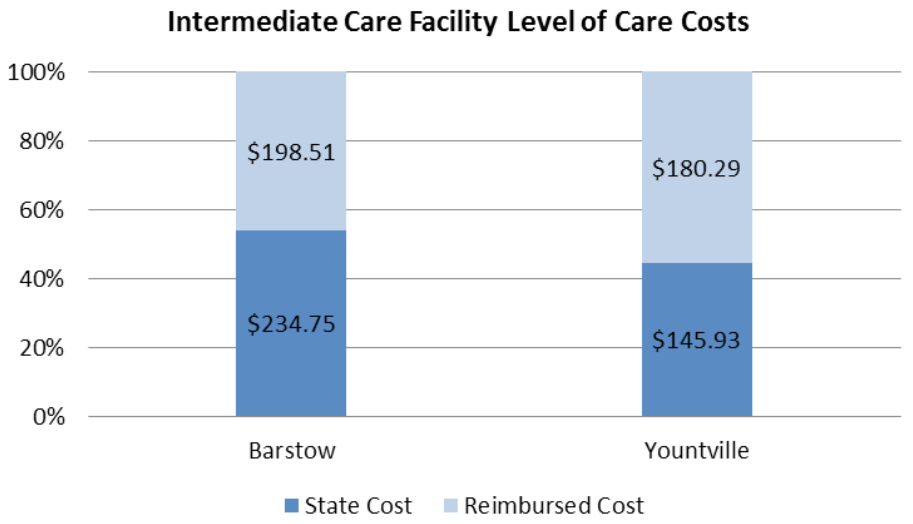
c: Assemblymember Jacqui Irwin
Secretary Vito Imbasciani

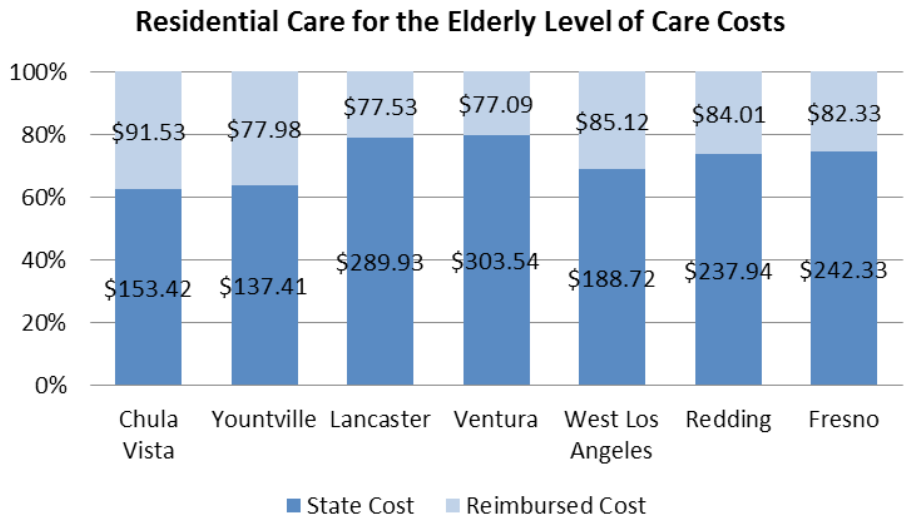
Appendix D

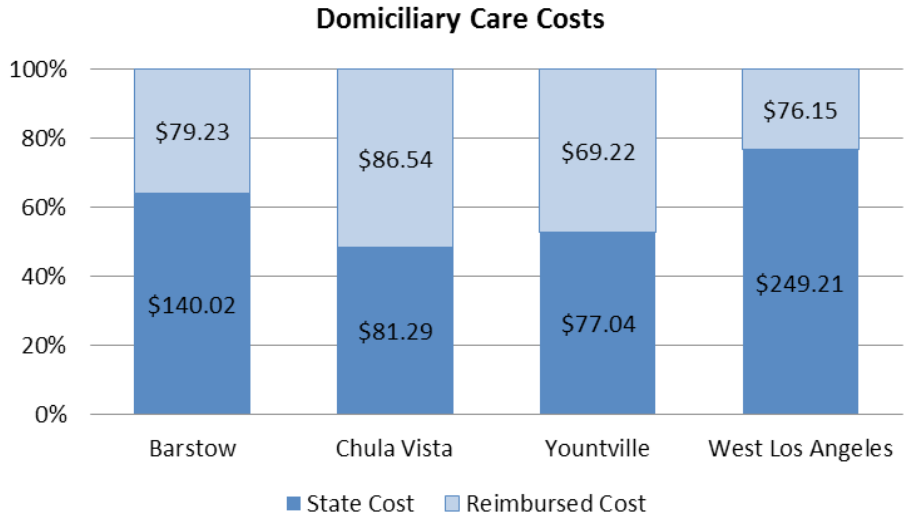
Additional Charts

How Much Does It Cost to Provide Care Among California's Veterans Homes?
Costs Per Patient, Per Day, Fiscal Year 2015-16









Source: Pouneh Simpson, Chief Financial Officer, Department of Veterans Affairs. February 3, 2017. Personal communication with Commission staff.

California's Veteran Population

California Veteran Population Projections by County Through 2040

- Less than 1,000
- 1,001 - 10,000
- 10,001-50,000
- 50,001-100,000
- More than 100,000

2017	
Alpine	133
Sierra	362
Modoc	925
Colusa	1,161
Mono	1,310
Inyo	1,422
Trinity	1,500
Glenn	1,677
Plumas	1,892
Mariposa	2,069
San Benito	2,475
Del Norte	2,496
Lassen	3,540
Siskiyou	4,089
Amador	4,098
Calaveras	5,427
Tuolumne	6,027
Mendocino	6,105
Tehama	6,307
Lake	6,313
Sutter	6,655
Yuba	6,698
Imperial	7,578
Madera	8,179
Nevada	8,667
Napa	9,185
Yolo	9,346
Humboldt	9,873

2030	
Alpine	150
Sierra	247
Modoc	704
Colusa	908
Inyo	926
Plumas	1,205
Trinity	1,233
Glenn	1,333
Mono	1,428
Mariposa	1,579
San Benito	1,653
Del Norte	2,037
Lassen	2,840
Amador	2,871
Siskiyou	2,940
Mendocino	4,097
Calaveras	4,128
Lake	4,490
Tuolumne	4,630
Tehama	4,718
Sutter	5,753
Santa Cruz	5,756
Nevada	5,783
Marin	5,971
Napa	6,372
Madera	6,603
Imperial	6,945
Humboldt	7,336

2040	
Alpine	159
Sierra	163
Modoc	542
Inyo	684
Colusa	728
Plumas	817
Trinity	1,056
Glenn	1,161
San Benito	1,181
Mariposa	1,242
Mono	1,497
Del Norte	1,663
Amador	2,050
Siskiyou	2,152
Lassen	2,226
Mendocino	2,800
Calaveras	3,155
Lake	3,198
Santa Cruz	3,428
Tehama	3,611
Marin	3,734
Tuolumne	3,803
Nevada	3,887
Napa	4,426
Sutter	5,289
Madera	5,621
Humboldt	5,636
Merced	6,333

Santa Cruz	10,536
Merced	10,631
Marin	11,233
Kings	13,163
El Dorado	14,891
Shasta	15,872
Butte	16,994
Tulare	17,561
Monterey	17,838
San Luis Obispo	19,987
Santa Barbara	21,483
San Francisco	22,852
Stanislaus	24,809
San Mateo	25,991
Sonoma	26,584
Placer	29,453
Solano	32,823
San Joaquin	33,677
Ventura	39,686
Fresno	42,133
Kern	45,616
Contra Costa	49,951
Alameda	51,955
Santa Clara	53,656
Sacramento	81,836
San Bernardino	109,165
Orange	112,320
Riverside	131,457
San Diego	223,407
Los Angeles	277,992
Total Population	**1,711,062**

Yuba	7,746
Merced	7,847
Yolo	7,855
El Dorado	11,261
Shasta	12,325
Monterey	12,388
Butte	12,841
San Francisco	13,102
San Mateo	13,693
Tulare	13,818
Santa Barbara	14,070
San Luis Obispo	14,576
Kings	14,637
Sonoma	16,511
Stanislaus	18,518
San Joaquin	23,921
Placer	25,506
Ventura	26,529
Santa Clara	27,518
Solano	27,682
Alameda	28,147
Contra Costa	30,629
Fresno	32,561
Kern	38,849
Sacramento	56,248
Orange	67,615
San Bernardino	94,091
Riverside	114,856
Los Angeles	169,434
San Diego	202,584
Total Population	**1,252,000**

Imperial	6,506
Yolo	6,796
San Mateo	7,928
Yuba	8,532
San Francisco	8,755
El Dorado	8,907
Shasta	9,700
Monterey	10,002
Butte	10,229
Santa Barbara	10,924
Sonoma	11,094
San Luis Obispo	11,234
Tulare	11,502
Stanislaus	14,988
Kings	15,552
Santa Clara	16,660
Alameda	17,886
San Joaquin	18,253
Contra Costa	20,502
Ventura	20,808
Placer	22,830
Solano	24,965
Fresno	26,701
Kern	35,181
Sacramento	43,416
Orange	47,522
San Bernardino	87,363
Riverside	104,533
Los Angeles	123,684
San Diego	195,606
Total Population	**1,030,803**

Source: U.S. Department of Veterans Affairs, National Center for Veterans Analysis and Statistics. Table 9L: Vetpop2014 County-Level Veteran Population by State, 2013-2043. Accessed February 21, 2017 at https://www.va.gov/vetdata/veteran_population.asp.

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2 California Department of Veterans Affairs. Refer to endnote 1. Page B-5, "General Fund, State Operations for 2017-18 Governor's Budget," Page C-1, "Budgeted Census 2017-18" and Page D-1, "Total Estimated Revenue, Revenue Budget Year 2017-18."

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24 Code of Federal Regulations, Title 38, Chapter 1, Part 59.80. Accessed December 28, 2016 at http://www.ecfr.gov/cgi-bin/retrieveECFR?gp=&SID=2906ba6338568cd5db53606cb2ede6f9&mc=true&n=pt38.2.59&r=PART&ty=HTML#se38.2.59_180.

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26 Dr. Vito Imbasciani, Secretary, California Department of Veterans Affairs. March 3, 2016. Testimony to the Commission.

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Little Hoover Commission Members

Chairman Pedro Nava *(D-Santa Barbara)* Appointed to the Commission by former Speaker of the Assembly John Pérez in April 2013. Government relations consultant. Former state Assemblymember from 2004 to 2010. Former civil litigator, deputy district attorney and member of the state Coastal Commission. Elected chair of the Commission in March 2014.

Vice Chairman Jack Flanigan *(R-Granite Bay)* Appointed to the Commission by Governor Edmund G. Brown Jr. in April 2012. A member of the Flanigan Law Firm. Co-founded California Strategies, a public affairs consulting firm, in 1997.

Scott Barnett *(R-San Diego)* Appointed to the Commission by former Speaker of the Assembly Toni Atkins in February 2016. Founder of Scott Barnett LLC, a public advocacy company, whose clients include local non-profits, public charter schools, organized labor and local businesses. Former member of Del Mar City Council and San Diego Unified School District Board of Trustees.

David Beier *(D-San Francisco)* Appointed to the Commission by Governor Edmund G. Brown Jr. in June 2014. Managing director of Bay City Capital. Former senior officer of Genentech and Amgen. Former counsel to the U.S. House of Representatives Committee on the Judiciary. Serves on the board of directors for the Constitution Project.

Senator Anthony Cannella *(R-Ceres)* Appointed to the Commission by the Senate Rules Committee in January 2014. Elected in November 2010 and re-elected in 2014 to represent the 12th Senate District. Represents Merced and San Benito counties and a portion of Fresno, Madera, Monterey and Stanislaus counties.

Assemblymember Chad Mayes (*R-Yucca Valley)* Appointed to the Commission by former Speaker of the Assembly Toni Atkins in September 2015. Elected in November 2014 to represent the 42nd Assembly District. Represents Beaumont, Hemet, La Quinta, Palm Desert, Palm Springs, San Jacinto, Twentynine Palms, Yucaipa, Yucca Valley and surrounding areas.

Don Perata *(D-Orinda)* Appointed to the Commission in February 2014 and reappointed in January 2015 by the Senate Rules Committee. Political consultant. Former president pro tempore of the state Senate, from 2004 to 2008. Former Assemblymember, Alameda County supervisor and high school teacher.

Assemblymember Sebastian Ridley-Thomas *(D-Los Angeles)* Appointed to the Commission by former Speaker of the Assembly Toni Atkins in January 2015. Elected in December 2013 and re-elected in 2014 to represent the 54th Assembly District. Represents Century City, Culver City, Westwood, Mar Vista, Palms, Baldwin Hills, Windsor Hills, Ladera Heights, View Park, Crenshaw, Leimert Park, Mid City, and West Los Angeles.

Senator Richard Roth *(D-Riverside)* Appointed to the Commission by the Senate Rules Committee in February 2013. Elected in November 2012 to represent the 31st Senate District. Represents Corona, Coronita, Eastvale, El Cerrito, Highgrove, Home Gardens, Jurupa Valley, March Air Reserve Base, Mead Valley, Moreno Valley, Norco, Perris and Riverside.

Jonathan Shapiro *(D-Beverly Hills)* Appointed to the Commission in April 2010 and reappointed in January 2014 by the Senate Rules Committee. Writer and producer for Amazon Studios, FX, HBO and Warner Brothers. Former counsel to Kirkland & Ellis LLP, chief of staff to Lt. Governor Cruz Bustamante, counsel for the law firm of O'Melveny & Myers LLP, federal prosecutor for the U.S. Department of Justice Criminal Division in Washington, D.C., and the Central District of California.

Janna Sidley *(D-Los Angeles)* Appointed to the Little Hoover Commission by Governor Edmund Brown Jr. in April 2016. General counsel at the Port of Los Angeles since 2013. Former deputy city attorney at the Los Angeles City Attorney's Office from 2003 to 2013.

Helen Torres *(NPP-San Bernardino)* Appointed to the Little Hoover Commission by Governor Edmund Brown Jr. in April 2016. Executive director of Hispanas Organized for Political Equality (HOPE), a women's leadership and advocacy organization.

Sean Varner *(R-Riverside)* Appointed to the Little Hoover Commission by Governor Edmund Brown Jr. in April 2016. Managing partner at Varner & Brandt LLP where he practices as a transactional attorney focusing on mergers and acquisitions, finance, real estate and general counsel work.

Full biographies available on the Commission's website at www.lhc.ca.gov.

“Democracy itself is a process of change, and satisfaction and complacency are enemies of good government.”

Governor Edmund G. “Pat” Brown,
addressing the inaugural meeting of the Little Hoover Commission,
April 24, 1962, Sacramento, California