COLORADO STATE VETERANS NURSING HOMES

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Report Highlights

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Colorado State Veterans Nursing Homes
Department of Human Services

PURPOSE

Evaluate the Department of Human Services' (the Department) oversight of the financial solvency of the State Veterans Nursing Homes (the Homes) and its compliance with requirements governing the divestiture of the Trinidad Home.

BACKGROUND

- The Department oversees five State Veterans Nursing Homes that provide primarily rehabilitative and long-term skilled nursing care to honorably discharged veterans and veterans' family members.
- A sixth state-owned Home, located in Trinidad, Colorado, was sold for $3.25 million in February 2011.
- The Homes function as self-sustaining business enterprises, funded primarily by revenue generated through the care provided to residents. Between Fiscal Years 2007 through 2011, the five Homes directly operated by the Department sustained a combined net loss of about $1.5 million.

OUR RECOMMENDATIONS

The Department should:

- Ensure adequate resident census goals and resident payer mix are incorporated into oversight activities of the Homes' financial performance, including identifying break-even points to set census goals, monitoring and updating these goals regularly, and using these goals in marketing strategies.
- Evaluate, and restructure if warranted, staffing arrangements and the utilization of an outside consultant for the accounting and marketing functions needed to manage the Homes.

The agency partially agreed with these recommendations.

EVALUATION CONCERN

Although steps have been taken to improve the financial self-sufficiency of the Homes, resident census and staffing continue to be areas of concern.

KEY FACTS AND FINDINGS

- The Division of Colorado State and Veterans Nursing Homes (the Division) at the Department—which is tasked with the direct oversight of the Homes—has not identified adequate resident census levels (i.e., the number of residents receiving care each day) for each Home. A goal of 85 percent has been set by the Division, but three Homes report needing to maintain a census higher than 85 percent to remain solvent.
- The Division has not ensured that accounting and marketing functions needed to manage the Homes are clearly defined, staffed appropriately, and not duplicated unnecessarily.
- Between Fiscal Years 2007 and 2011, about $325,000 was allocated to pay an outside service consultant for accounting and marketing services at the Homes, but it is unclear how these services were distinguished from the job duties of current state personnel.
- Staffing at the Homes for accounting functions appears arbitrary. One Home employs six full-time-equivalent (FTE) staff to conduct accounting functions for its 180 residents, while another Home also employs six FTE staff for accounting functions for 105 residents (42 percent less).
- The Division currently does not use performance evaluations for key management staff that ensure job duties related to the solvency of the Homes are reflected in evaluation scores.
- The Department has not promulgated rules or established other written guidance that define its expectations of the Division or Home Administrators as they relate to the Homes' financial performance and solvency.
- The Department has not maintained documentation supporting its determination to pay $2 million to the State Board for Community Colleges and Occupational Education for property reversion rights upon the sale of the Trinidad Home for $3.25 million.

For further information about this report, contact the Office of the State Auditor
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