

Agency Option Submission

Department of Veterans' Affairs

Signed (Agency Head)	Title	Date
	Commissioner	30 October 2015

Fund	Agency Priority	Adjustment Title	2017 Cost Adjustments	2017 Revenue Adjustments
11000 - General Fund				
	1	Reduce one nursing ward in the Healthcare Center	1,060,811	(4,018,030)
	Total		1,060,811	(4,018,030)
Total			1,060,811	(4,018,030)

Department of Veterans' Affairs

11000 - General Fund

Adjustment Type:

Reductions

Agency Title:

Reduce one nursing ward in the Healthcare Center

Agency Description:

Currently, there are five nursing wards in the Healthcare Center. In order to implement additional fiscal reductions, the Agency will need to close one ward and reduce 20 - 25 patient census in the Healthcare Center in order to achieve the savings.

The Agency estimates six (6) full time and ten (10) part time direct care headcounts can be reduced and \$1,060,811 savings in personal service fund can be achieved. As the chart noted below.

Head Count Reduction Annual Savings
 Head Nurse Reduce 1 HN 77,120
 Nurse Reduce 1 FT RN and 2 PT RNs 170,531
 LPN Reduce 1 FT LPN and 2 PT LPNs 138,471
 NA Reduce 3 FT NA and 6 PT NA 335,689
 Other Potential PS Savings longevity, shift diff, licensing, etc 89,000
 Potential Overtime Savings 250,000
 Total Potential PS Savings 1,060,811

DVA generates revenue for the services provided to Veterans. By reducing the Veterans we serve in the Healthcare Center, it will also reduce our revenue especially in VA Per Diem and the Medicaid Claims. The Agency estimates the Revenue loss associated with the closing of one ward and reduce patient census is as below.

Revenue Impact Annualized
 VA Per Diem @102.38 per day Reduce 20 Patients (747,374)
 Medicaid Claims @ 597.38 per day Approx. 15 Patients on Medicaid (3,270,656)
 Total Projected Revenue Loss (4,018,030)

The Agency understands the requirement to reduce expenditures. However, this option will have a negative impact to the State bottom line of \$2,957,219.

We are committed at DVA to our vision of pro-active, world-class service excellence in meeting our mission of "Serving Those Who Served" for our 200,000-plus Veterans across the State of Connecticut. This year, we have continued to work hard to do more with less even while implementing new statutory requirements and responding to recommendations in the General Assembly's Legislative Program Review and Investigations (PRI) Committee's December 2014 Report on the Rocky Hill Campus, the PRI upcoming 2015 Report on our Office of Advocacy & Assistance, and the Re-imagine Rocky Hill Work Group's Assessment currently underway.

Agency Priority:

1

System ID:

4985

SID		Agency 2017
Financials		
10010 - Personal Services		1,060,811
Total Financials		1,060,811

Revenue		
		(4,018,030)
Total Revenue		(4,018,030)
Positions		
		6
Total Positions		6



STATE OF CONNECTICUT
DEPARTMENT OF VETERANS' AFFAIRS
OFFICE OF THE COMMISSIONER
287 West Street
Rocky Hill, CT 06067

Sean M. Connolly
Commissioner

October 28, 2015

Honorable Benjamin Barnes
Secretary, Office of Policy and Management
450 Capitol Avenue
Hartford, CT 06106-1379

Dear Secretary Barnes,

I write in response to your August 11, 2015 memorandum requesting reduction options for the Department of Veterans' Affairs (DVA) FY 2017 appropriations. As you know, DVA is a revenue-generating agency for the services provided to Veterans. While historically a lean organization, we expect to achieve additional cost reductions in overtime and pool expenses at our Rocky Hill Campus Health Care Center (HCC), a long-term care and chronic disease hospital for Connecticut's Veterans. We are also working with the Department of Mental Health and Addiction Services to collaboratively deliver improved substance abuse support services on campus while reducing any unnecessary expenditure. Achieving further savings will be a challenge; however, I have worked with my staff to develop the reduction option below noting that implementation of additional fiscal reductions will translate into reduced revenue.

Over the previous several years, DVA has drastically leaned personnel and operations with significant reductions in full-time staff by over 40 positions, from a staff of less than 300, between FY 2009 and the present. Additionally, the current FY 2017 overall budget is only 87% of DVA's FY 2008 budget without Consumer Price Index adjustments. That said, we are optimistic our plan to add per diem licensed nursing staff and additional part-time nursing assistants to our team at the HCC will allow us to realize substantial savings on overtime and outside nursing pool costs this fiscal year.

With over fifty percent of DVA's budget dedicated to our HCC, an option to achieve a 3% cost reduction is to reduce the HCC from five to four wards. This would require reducing staff and Veteran-patient census as noted in the table below, achieving a Personnel Services savings of \$1,060,811.

	<u>Head Count Reduction</u>	<u>Annualized PS Reduction</u>
Head Nurse	Reduce 1 HN	\$77,120
Nurse	Reduce 1 FT RN and 2 PT RNs	\$170,531
LPN	Reduce 1 FT LPN and 2 PT LPNs	\$138,471
NA	Reduce 3 FT NA and 6 PT NA	\$335,689
Other Potential PS Savings	longevity, shift diff, licensing, etc	\$89,000
Potential Overtime Savings		\$250,000
Total Potential PS Savings		\$1,060,811

While this option would achieve upfront cost reductions, it would significantly reduce revenues DVA would otherwise qualify for in Medicaid Claims and Per Diem payments from the U.S. Department of Veterans Affairs, as noted in the table below.

<u>Revenue Impact</u>		<u>Annualized</u>
VA Per Diem @102.38 per day	Reduce 20 Patients	(\$747,374)
Medicaid Claims @ 597.38 per day	Approx. 15 Patients on Medicaid	(\$3,270,656)
Total Projected Revenue Loss		(\$4,018,030)
Total Potential PS Savings		\$1,060,811
Net Savings by Closing one Nursing Ward		(\$2,957,219)

We are committed at DVA to our vision of pro-active, world-class service excellence in meeting our mission of "Serving Those Who Served" for our 200,000-plus Veterans across the State of Connecticut. This year, we have continued to work hard to do more with less even while implementing new statutory requirements and responding to recommendations in the General Assembly's Legislative Program Review and Investigations (PRI) Committee's December 2014 Report on the Rocky Hill Campus, the PRI upcoming 2015 Report on our Office of Advocacy & Assistance, and the Re-imagine Rocky Hill Work Group's Assessment currently underway.

I am happy to discuss this option further and look forward to working with you and your team to provide services to our Connecticut Veterans as effectively and efficiently as possible.

Sincerely,



Sean M. Connolly

CC. Paul Potamianos, Executive Budget Officer
Magdalena Lekarczyk, Budget Analyst
Michael Clark, Fiscal Administrative Manager