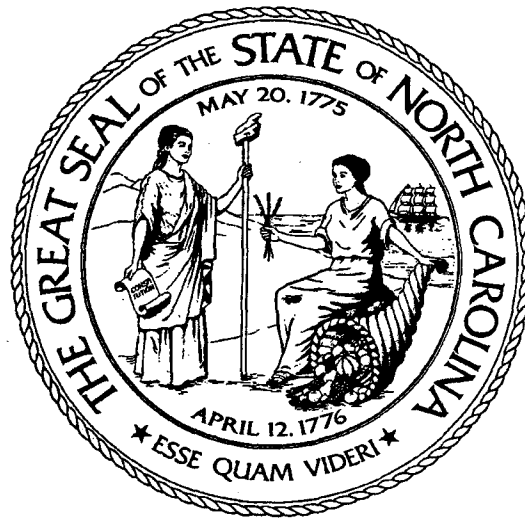


VETERANS HOME STUDY COMMISSION

(Final Report)



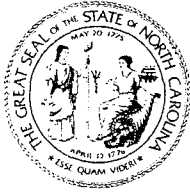
REPORT TO THE
1991 GENERAL ASSEMBLY
OF NORTH CAROLINA
1992 SESSION

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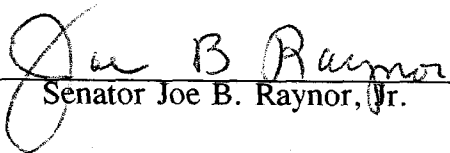
NORTH CAROLINA GENERAL ASSEMBLY

May 22, 1992

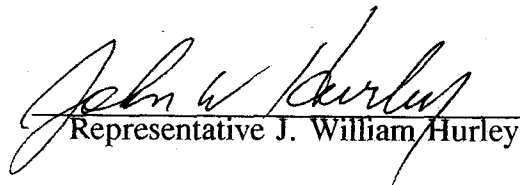
TO THE MEMBERS OF THE 1991 GENERAL ASSEMBLY (REGULAR SESSION 1992):

The Veterans Home Study Commission herewith submits to you for your consideration its final report on the feasibility of establishing a state veterans home in the State of North Carolina. The report was prepared by the General Assembly's Veteran's Home Study Commission pursuant to Section 20 of Chapter 1074 of the 1989 Session Laws.

Respectfully submitted,



Senator Joe B. Raynor, Jr.



Representative J. William Hurley

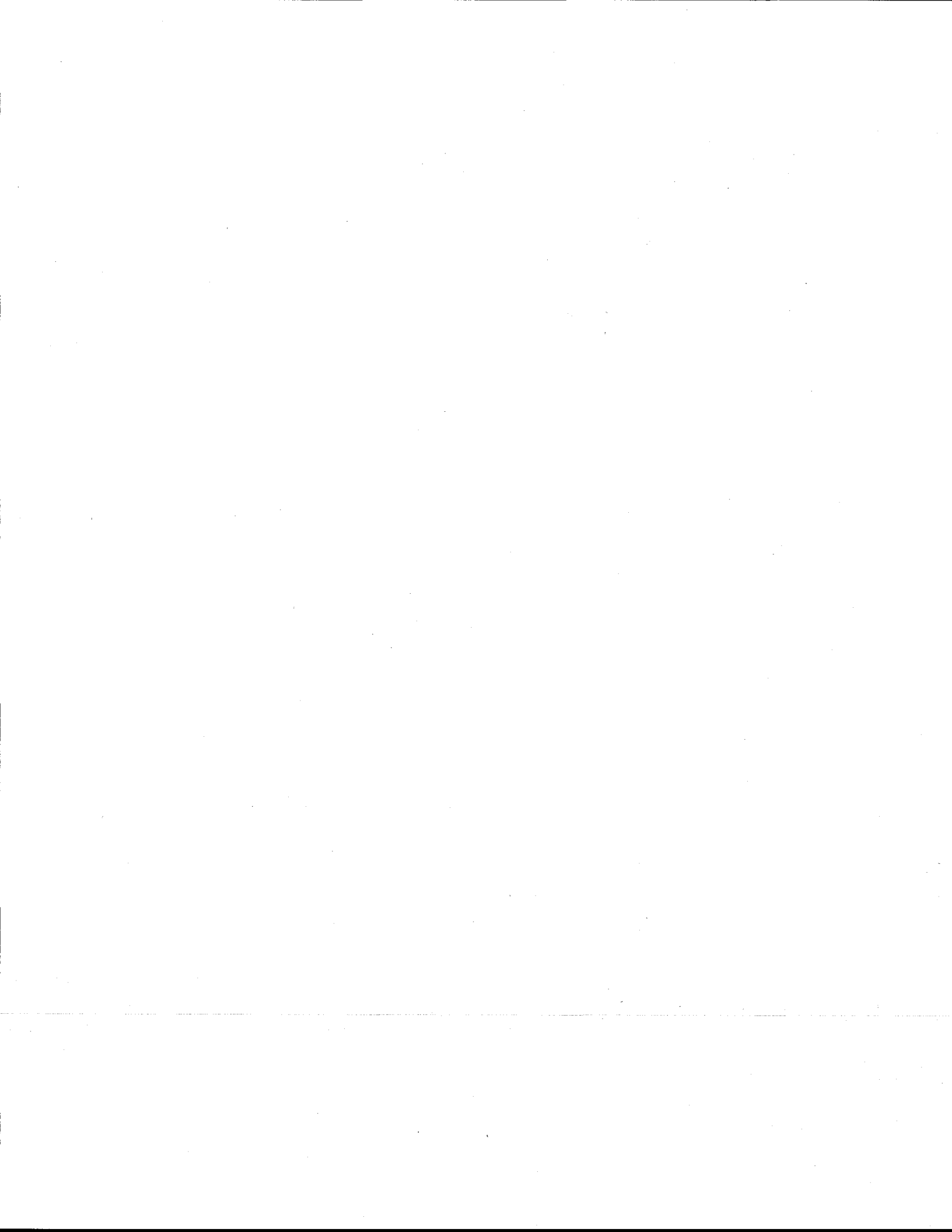
Cochairmen
Veterans Home Study Commission





TABLE OF CONTENTS

Letter of Transmittal.....	i
Preface.....	1
Commission Proceedings.....	2
Findings and Recommendations.....	9
Legislative Proposal I -- A BILL TO BE ENTITLED AN ACT TO PROVIDE FOR THE STATE OF NORTH CAROLINA TO CONSTRUCT, MAINTAIN, AND OPERATE A STATE VETERANS HOME AND TO REQUIRE THE DIVISION OF VETERANS AFFAIRS TO BE THE CONTACT POINT FOR THE CONSTRUCTION OF THE STATE VETERANS HOME and Section-by-Section Analysis.....	10
Appendices	
A: Authorizing Legislation Part IV, Section 20 of Chapter 1074 of the 1989 Session Laws.....	A-1
B: Membership of the Veterans Home Study Commission.....	B-1



PREFACE

The Veterans Home Study Commission was established by Section 20 of Part IV of Chapter 1074 of the 1989 Session Laws (1990 Regular Session). The Commission consists of ten voting members appointed by the Speaker of the House of Representatives and the President Pro Tempore of the Senate. Membership includes one member from each house of the General Assembly, two members from the North Carolina American Legion, North Carolina Veterans of Foreign Wars, North Carolina Disabled American Veterans, and North Carolina American Veterans of World War II. The Commission was chaired by Senator Joseph B. Raynor and Representative J. William Hurley.

Chapter 1074 instructed the Commission to "study the construction of a State veterans home, the identification of a site for the home, and the operation, management, and ongoing costs for a State veterans home" and to "formulate funding recommendations that will fully implement a State veterans home program to adequately serve the veterans of North Carolina." Chapter 1074 further instructed the Veterans Home Study Commission to submit a report of its findings and recommendations to the 1991 General Assembly. Section 20 of Chapter 1074 is set out in Appendix A of this report.

The full membership of the Commission is listed in Appendix B of this report. A commission notebook containing the minutes and all information presented to the Commission is filed in the Legislative Library.



COMMISSION PROCEEDINGS

The Veterans Home Study Commission met between legislative sessions for a total of five times during the course of its existence, three times before the 1991 Session and twice following the 1991 Session.

December 13, 1990 Meeting

The first meeting of the Commission focused on organizational and informational matters. The staff presented summaries of the Commission's legislative mandate (See Appendix A) and highlighted some general information concerning the State's veteran population, the veterans home concept, and issues facing the Commission. The Commission was advised that the following were issues which faced past committees: location of the home, land availability and the cost of purchasing such land, design of the building, and the projected appropriations needed to run the home in the future.

A 1990 chart of the state veterans population showed that North Carolina had an estimated 681,010 veterans. One third of the State's total veteran population, or 226,460 veterans, is concentrated in six counties: Mecklenburg, Wake, Guilford, Forsyth, Cumberland, and Buncombe Counties. Approximately 27 percent or 182,700 veterans currently are age 65 or more.

The Commission reviewed information from the U.S. Department of Veterans Affairs (VA) which:

- defined a state home;
- explained briefly how a home is established;
- outlined the assistance available through the VA;
- explained the formula which limits the number of beds that can be constructed with VA participation;

- identified the types and levels of federal funds available;
- addressed the program aspects to be determined by the State; and
- explained the construction grant application, priority-setting, and award processes.

Mr. Charles Smith, Assistant Secretary for Veterans Affairs, informed the Commission of several programs that North Carolina funds currently for veterans and their dependents.

The Commission discussed potential sites for the location of a veterans home facility, focusing on those locations which were adjacent to or near VA medical centers--Asheville, Fayetteville, and Salisbury. It was agreed that, in order to serve more fully the statewide veteran population, three state veterans homes would be ideal. The Commission envisioned a state home facility in each of the three geographical sections of the State--the west, east, and piedmont.

The Commission ultimately agreed on the Fayetteville site, as the location for the State's first veterans home, because of its proximity to the existing VA Medical Center. The availability of adjoining acreage which the U.S. Department of Veterans Affairs could transfer to the State and thereby alleviate a significant portion of the anticipated cost for land acquisition was a significant determining factor in the Commission's unanimous decision.

January 15, 1991 Meeting

The second Commission meeting began with a moment of silent prayer for the nation's forces involved in Operation Desert Storm as the United States initiated active military intervention against Iraq.

The Commission devoted the meeting to collecting information and gaining insight into state nursing home requirements and the veterans home grant application process.

Staff reviewed the types of information required for submission with the pre-application form, giving the Commission an idea of the scope of that portion of the process. Feasibility studies from three other states--Virginia, Tennessee, and Connecticut--were summarized.

Mr. Anthony Branch, Medical Center Director for the VA Medical Center in Fayetteville, spoke in support of locating a state veterans home at the Fayetteville VA site. He commented on the fact that North Carolina is one of only eight states without a veterans home facility. Considering that two states, Virginia and Arizona, have homes near completion at this point, North Carolina becomes one of only six states with no state veterans facility. Mr. Branch also estimated that the number of N.C. veterans over age 65 would quadruple by the year 2000.

He explained that there were 4.5 acres available for the proposed home with additional space for parking. Mr. Branch estimated the value of the property to be between one million and 1.5 million dollars. In addition, he reviewed briefly the provisions of Public Law 100687 which allows the United States VA to transfer land to the state provided that:

- a. The State supply adequate assurance that it has resources to construct and operate a state home on the property;
- b. The State use the property transferred for a nursing care facility in accordance with conditions and limitations applicable to facilities constructed with State Home Grants; and
- c. The property will revert to the federal government at any time that it is not being used for the designated purpose.

Mr. Branch estimated that the transfer process may be completed within a six to eight week time frame.

Mr. John Lee of John J. Lee and Associates shared his experiences in the construction of similar facilities. He also presented an overview of the veterans home feasibility process and explained the purpose, features, and advantages of a feasibility study.

Mr. Art Desrosiers, Program Analyst in the Licensing Section of the Division of Facility Services of the Department of Human Resources, outlined the process by which nursing homes are licensed in the State. Commission discussion centered around the certificate of need requirement relative to licensure of the proposed state veterans home. It was mentioned that although other states may have waived such need-related requirements for a state-operated veterans home, such a license would be mandatory in order to secure Medicare and Medicaid reimbursements.

The Commission concluded that a feasibility study would be the best vehicle for flushing out additional questions and supplying information which ultimately would be required for the pre-application. Such a study would ensure that forward progress would continue during the 1991 Session of the General Assembly, when in all likelihood the full Commission would not be able to meet.

To that end, the Commission agreed to hear proposals for conducting a feasibility study and to select and contract with a consultant at the next meeting. Organizations, firms, and companies were invited to submit proposals for the conduct of the proposed study.

In reviewing the required questions that must be answered on the pre-application, concern was expressed as to which state agency should be assigned responsibility for coordinating and overseeing the proposed state veterans home. The Commission expressed interest in hearing from the Department of Human Resources and the Department of Administration on that issue.

February 4, 1991 Meeting

During its third meeting the Commission's intent was to hear consultant proposals for the feasibility study and to receive input from department representatives concerning the agency to be assigned responsibility for the proposed state veterans home.

Secretary David Flaherty of the Department of Human Resources was scheduled on the agenda to address the Commission on the question. After speaking briefly with the cochairmen, another member from the department presented the response. Mr. Conrad Taylor, Chief of the Construction Section of the Division of Facility Services, indicated that his office felt it was too early to determine what agency should be charged with the responsibility for the proposed state veterans home.

Mr. Charles Smith of the Department of Administration's Division of Veterans Affairs indicated that the proposed state veterans home should provide domiciliary, intermediate, and skilled nursing care. He suggested the possibility of assigning a priority to veterans for admission to nursing homes during the investigatory and pre-application stages of the veterans home process. He stated further that his division, as currently structured, lacks adequate staff to properly coordinate and administer a multi-service state veterans home. It would be necessary for his division to hire additional new staff in order to oversee activities properly.

The Commission received the presentations for the feasibility study. Three firms responded to the Commission's request: John J. Lee and Associates, a management and health care consulting firm based in Durham, North Carolina; Smithey and Boynton, an architectural concern with offices in High Point, North Carolina and Roanoke, Virginia; and Health Care Resources, Incorporated of Weathersfield, Connecticut. The president of Health Care Resources, Inc. was unable to attend the meeting and submitted a written proposal for the Commission to consider. All three firms had recent previous experience in this area with Smithey and Boynton having

completed the design work on the newly constructed veterans home complex for the Commonwealth of Virginia while Health Care Resources, Inc. conducted the feasibility study for the Commonwealth of Kentucky.

In discussions, the Commission raised concern with the April 15 pre-application filing deadline and with the non-negotiable requirement that the State supply the name and title of a designated state official who would serve as coordinator and principal contact for the proposed state home. The Commission also was concerned with the timing for the feasibility study and the potential for having obsolete data by the time that any proposed legislative appropriation could be made. The earliest projected time for introducing such a bill would be after May 26, 1992, the start of the General Assembly's Short Session.

The Commission voted to move forward on the feasibility study with the April 15, 1991 pre-application deadline as the completion date. The firm of Smithey and Boynton was selected to conduct the study. The Commission determined that an update of the study's data would be authorized at a later date if needed.

September 12, 1991 Meeting

In the first meeting following the 1991 Session, the Commission convened to receive the results of the feasibility study conducted by the architectural firm of Smithey and Boynton. (See the North Carolina Veterans' Home Feasibility Study on file in the Legislative Library.)

Mr. Calvin Phelps, Project Manager, Mr. Jackson Greene, Comptroller, and Mr. Doyle Williams, Certified Public Accountant, with Smithey and Boynton presented the feasibility study findings, recommendations, and conclusions. A 240 bed, multi-care facility was proposed with an estimated total construction program budget of \$17,138,730 of which the building cost would be \$13.1 million. With VA participation

up to 65 percent of construction costs, the State's portion was estimated at approximately six million dollars. Annual operating and maintenance costs were estimated to be around seven million dollars per year.

The Cochairs provided an update on their efforts to secure the name of a designated official to serve as the coordinator and contact point for the VA. A designated coordinator is mandatory before the completed pre-application for available veterans home construction funds will be accepted by the VA for consideration. In speaking with Secretary Flaherty and meeting subsequently with Governor Martin prior to the April 15 deadline, they were not able to secure any commitment or support for the proposed home.

Several funding possibilities, cooperative ventures, and fund-raising alternatives were discussed. These ideas ranged from the State providing total funding to veterans paying fees for services to the veterans organizations raising monies and donating funds in excess of \$500,000 to the State to start the project. The Commission voted to propose legislation during the 1992 Regular Session and pursue funding for the proposed state veterans home.

May 13, 1992 Meeting

The Commission convened for the purpose of reviewing the draft bill and final report to be transmitted to the 1992 Session of the 1991 General Assembly.



FINDINGS AND RECOMMENDATIONS

Based on its examination of the question of the feasibility of the State of North Carolina constructing and operating a state veterans home to provide care for its aged and infirmed veterans, the Veterans Home Study Commission makes the following finding and recommendation to the 1992 Regular Session of the General Assembly:

Recommendation #1:

The Commission recommends that the General Assembly enact legislation to provide for the State of North Carolina to construct, maintain, and operate a state veterans home with the Division of Veterans Affairs serving as the contact point for the construction of the home. (See Legislative Proposal I)

Findings:

According to available demographic information, the total number of veterans in the general population will remain relatively constant, while the percentage of that population age 65 and above will increase from 10.3 percent to 38 percent by the year 2005. This increases the number of veterans potentially in need of health care assistance in general and in skilled nursing care in particular.

The Commission recommends the creation of a state veterans home to address that impending situation.



GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1991

H

D

92-LKZ-292(4.23)

(THIS IS A DRAFT AND NOT READY FOR INTRODUCTION)

Short Title: State Veterans Home.

(Public)

Sponsors: Representative Hurley.

Referred to:

1 A BILL TO BE ENTITLED
2 AN ACT TO PROVIDE FOR THE STATE OF NORTH CAROLINA TO
3 CONSTRUCT, MAINTAIN, AND OPERATE A STATE VETERANS HOME AND
4 TO REQUIRE THE DIVISION OF VETERANS AFFAIRS TO BE THE CONTACT
5 POINT FOR THE CONSTRUCTION OF THE STATE VETERANS HOME.

6 Whereas, there are more than 679,100 veterans in North Carolina, of whom
7 more than 182,000 are 65 years of age or older, with the percentage of older veterans
8 projected to grow significantly in the future; and

9 Whereas, the General Assembly authorized an independent study, the
10 Veterans Home Study Commission, to determine the feasibility of constructing a State
11 Veterans Home which, after due consideration, has determined that the construction of
12 the home is not only feasible but also necessary because of the aging veteran
13 population; and

14 Whereas, a consultant's report commissioned by the Veterans Home Study
15 Commission has estimated that the construction cost of a 240 domiciliary and skilled
16 nursing care bed State Veterans Home on a site adjacent to the Fayetteville VA Medical
17 Center on land donated by the Veterans Administration, would be approximately
18 \$17,000,000 of which 65% would be provided by the federal government; and

19 Whereas, the costs of maintaining and operating the State Veterans Home
20 would be approximately \$7,000,000 per year, most of which would be recouped from
21 various sources available to the aged and infirmed residents of the home, such as
22 medicaid, medicare, and other veterans health benefits; and

1 Whereas, North Carolina is one of only eight states that does not provide a
2 State Veterans Home for the aged veterans of the state; Now, Therefore,
3 The General Assembly of North Carolina enacts:

4 Section 1. The State of North Carolina shall construct, maintain, and
5 operate a State Veterans Home for the aged and infirmed veterans of this state. The
6 Division of Veterans Affairs, Department of Administration, shall be the contact agency
7 for seeking and obtaining funding from the Veterans Administration for the construction
8 of the Veterans Home as outlined in the Veterans Home Feasibility Study commissioned
9 by the Veterans Home Study Commission.

10 Sec. 2. There is appropriated from the General Fund to the Division of
11 Veterans Affairs, Department of Administration the sum of seven million five hundred
12 thousand dollars (\$7,500,000) for the 1992-1993 fiscal year to provide the state
13 participation in the cost of the construction of a State Veterans Home as outlined in the
14 report of the Veterans Home Study Commission, including preliminary surveys and
15 feasibility studies, and to provide additional staffing in the Division of Veterans Affairs
16 related to the construction and management of the State Veterans Home.

17 Sec. 3. This act becomes effective July 1, 1992.

18

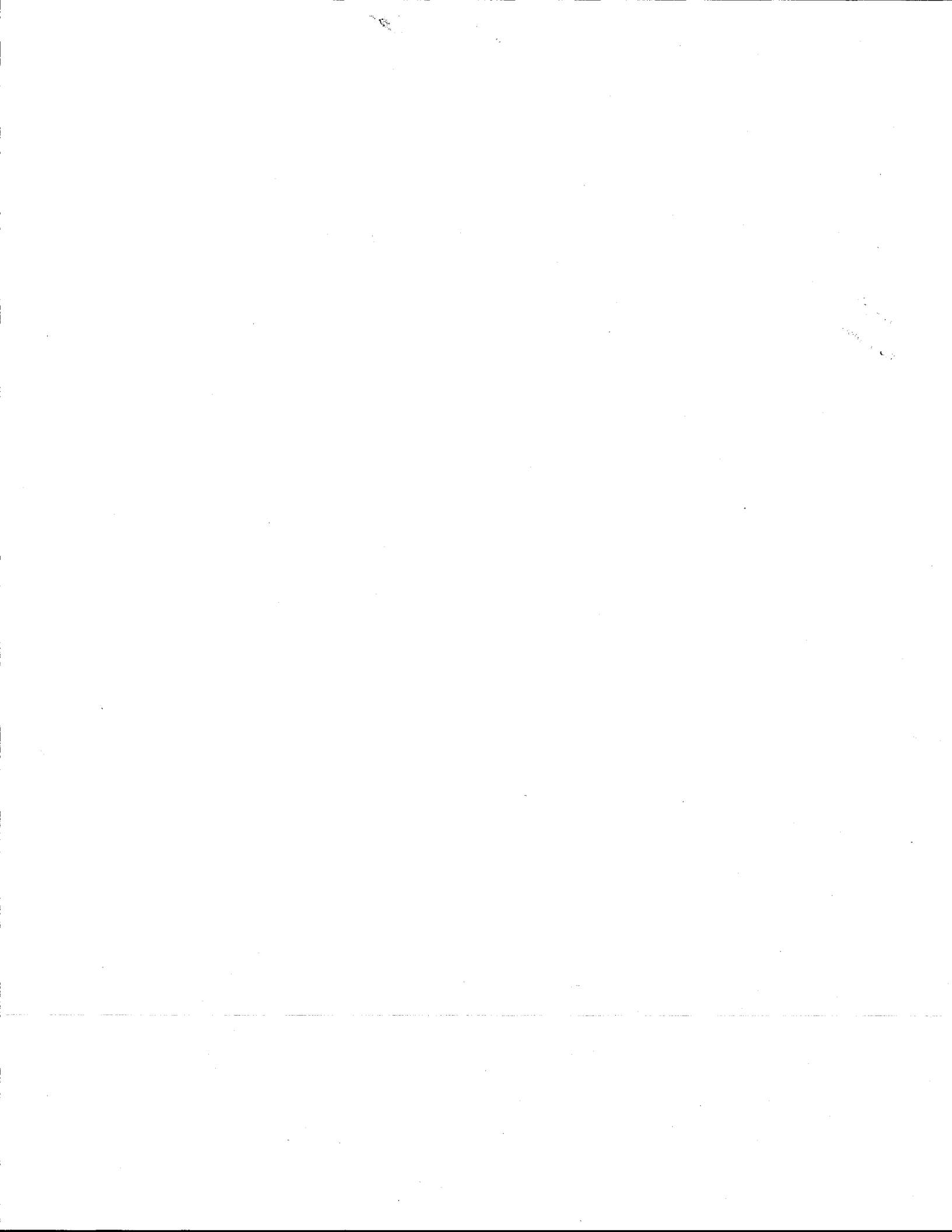
LEGISLATIVE PROPOSAL 1

Section-by-Section Analysis

Section 1 obligates the State of North Carolina to construct, maintain, and operate a state veterans home for aged and infirmed veterans of the State. The Division of Veterans Affairs of the Department of Administration is assigned to be the contact agency for the construction of the facility. as outlined in the feasibility study commissioned by the Veterans Home Study Commission.

Section 2 appropriates \$7.5 million, from the General Fund to the Division of Veterans Affairs, as the State's participation share in the cost of construction for the state veterans home. This appropriation is to cover costs for preliminary surveys and feasibility studies and to provide for additional staffing in the Division specifically related to the construction and management of the state home. This section allows that the home be constructed generally, as outlined in the report of the Veterans Home Study Commission.

Section makes the act effective July 1, 1992.



APPENDIX A

CHAPTER 1074
SENATE BILL 1427

1 A BILL TO BE ENTITLED
2 AN ACT TO MAKE APPROPRIATIONS TO PROVIDE CAPITAL IMPROVEMENTS
3 FOR STATE DEPARTMENTS, INSTITUTIONS, AND AGENCIES AND TO
4 MAKE OTHER CHANGES IN THE BUDGET OPERATION OF THE STATE.

5 The General Assembly of North Carolina enacts:

6

7 Requested by: Representative Diamont, Senator Royall

8 -----TITLE OF ACT

9 Section 1. This act shall be known as the "Capital Improvement
10 Appropriations Act of 1990."

11

.....

12

13 Requested by: Representatives Easterling, Hurley

14 -----VETERANS HOME STUDY COMMISSION

15 Sec. 20. (a) The Veterans Home Study Commission is created. The
16 Commission shall consist of 10 members appointed by the Speaker of the House of
17 Representatives and the President Pro Tempore of the Senate. The Speaker of the
18 House of Representatives and the President Pro Tempore of the Senate shall each
19 appoint one member from his or her respective body of the legislature and from the
20 North Carolina American Legion, the North Carolina Veterans of Foreign Wars, the
21 North Carolina Disabled American Veterans, and the North Carolina American
22 Veterans of World War II (AMVETS) from a list submitted to each of them from the
23 governing body of each organization containing three recommendations for Commission
24 membership.

25 (b) The Speaker of the House of Representatives shall designate one member
26 of the Commission as cochairman and the President Pro Tempore of the Senate shall
27 designate one member as cochairman. The cochairmen shall call the initial meeting of
28 the Commission.

29 (c) The Commission shall study the construction of a State veterans home,
30 the identification of a site for the home, and the operation, management, and ongoing
31 costs for a State veterans home. The Commission shall formulate funding
32 recommendations to be made to the General Assembly that will fully implement a State
33 veterans home program to serve adequately the veterans in North Carolina. The
34 Commission may assist the State in making an application to secure federal grant
35 matching funds for the construction of a State veterans home, may visit veterans homes
36 in other states, and may contract with consultants, architects, engineers, contractors,
37 and other experts in the field of veteran home construction.

1 (d) The Commission shall submit a report of its findings and
2 recommendations to the 1991 General Assembly.

3 (e) Upon the approval of the Legislative Services Commission, the
4 Legislative Services Officer shall assign professional staff to assist in the work of the
5 Commission. Clerical staff shall be furnished to the Commission through the offices of
6 House and Senate Supervisors of Clerks. The expenses of employment of the clerical
7 staff shall be paid by the Commission. The Commission may employ professional staff
8 as necessary to perform its duties. The Commission may meet in the Legislative
9 Building or the Legislative Office Building, upon the approval of the Legislative
10 Services Commission.

11 (f) Members of the Commission shall be paid subsistence and travel
12 allowances as follows:

13 (1) Commission members who are also General Assembly members at the
14 rate established in G.S. 120-3.1;

15 (2) Commission members, if any, who are also officials or employees of
16 the State at the rate established in G.S. 138-6; and

17 (3) All other Commission members at the rate established in G.S. 138-5.

18 (g) The Commission may be funded from funds available to the Legislative
19 Services Commission for the 1990-91 fiscal year.

20
21

22
23 Requested by: Representative Diamont

24 -----EFFECTIVE DATE

25 Sec. 43. Except as otherwise provided, this act shall become effective July
26 1, 1990.

APPENDIX B

MEMBERSHIP OF VETERANS HOME STUDY COMMISSION

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