Interview: Lourdes Alvarado-Ramos

VA Cuts Would Force Veterans on Medicaid

Ms. Alvarado is Assistant Director of the Department of Veterans Affairs in Washington state and the president of the National Association of State Veterans Homes. She was interviewed on July 20 by Patricia Salisbury.

EIR: We have been tracking the collapse of health care all over the country, and I know you have raised great concerns about the future of our veterans in nursing homes. Can you tell me about this situation?

Alvarado: Probably the most significant issue when it comes to the [Bush] Administration's budget, money wise, is being corrected. As you probably know, the President or the Administration has asked for additional dollars to make up for the shortfall this year, and then $1.9 billion to make up for the shortfall we are going to have next year, because Congress rejected the proposed budget changes. So in those budget changes there were some very significant issues that affect our state homes.

One of them, and probably the most important, is their prioritizing of veterans to be able to receive what is called a *per diem,* a daily rate which is paid to the VA [Federal Veterans Affairs program] for care of veterans at state veterans homes.

The total cost of care varies all over the nation, depending on the particular state and the economy, but we have a national rate, and of that national rate we get about $59 per day [out of a total of about $178 per day—ed.], so that $59 per day pays for certain items or services that by virtue of the arrangement we have with the VA, we are supposed to provide to veterans. The biggest change in the budget was, first, a cut to *per diem,* foreseeing that the policy change they were going to implement would take place: This policy change dictates that only those service-connected veterans and those with special needs—ventilator-dependent, traumatic brain injuries, spinal cord injuries, and the severely mentally ill—would be the only ones that we could admit.

When we looked at our homes nation-wide, in those categories, about 15-20% of our veterans qualify for VA *per diem.* This means that of all of the occupied beds in our nursing homes, of which there are 19,000, only 15% would qualify for *per diem.*

EIR: Can you tell me broadly the categories of the other 85% who would not qualify under those criteria?

Alvarado: The other veterans still have the need for nursing home care, but have not had a physical disability that was related to their service. They are on honorable discharge, and many of these veterans are medically indigent. They may have money and they may have pensions, but those pensions are not sufficient to be able cover the cost of care.

EIR: And up to this point, and currently, they are still eligible for this care.

Alvarado: The VA's position, as stated to me at different locations, by different high-level officials, is that those veterans who don't qualify for care based on these new policy priorities would be cared for by the state, that the state would pick up the care.

Guess what is happening to the Medicaid budget; they would have to have an enhanced funding to be able to care for these veterans. So it doesn't make any sense, because the burden will be shifted to the Federal government, to the Medicaid system, and to the states, because of the match [in funds] that these states have to put up to qualify someone for Medicaid.

EIR: The current budget proposal, the $1.5 billion in the Senate proposal for Fiscal 2005: If this figure is appropriated, would this mean that the problem would not exist, that the monies would be available for the 85%, to continue to get the *per diem?*

Alvarado: Now on the surface, it appears that it would, but below the surface, I have a letter the Secretary sent to me in May, which states that the VA, in fairness, will implement the policy that I have just discussed, across the board. This means that you may have a dollar amount for *per diem,* but if the priorities are still squeezed so much from service-connected and special needs, it doesn't matter how much there is in the *per diem* account—85% of veterans would not qualify for *per diem.*

EIR: And the VA can make that determination?

Alvarado: Yes, because it is an administrative decision. Unless Congress says, "No, you cannot do that because it is going to affect these homes," the VA could implement its policy.

EIR: I understand from reading some statements from your association, that the Congress has put in language that urges the VA to look for some solution other than these cutbacks, but that that is not binding at this point.

Alvarado: Correct.

EIR: So, you are seeking a binding situation. Are you finding

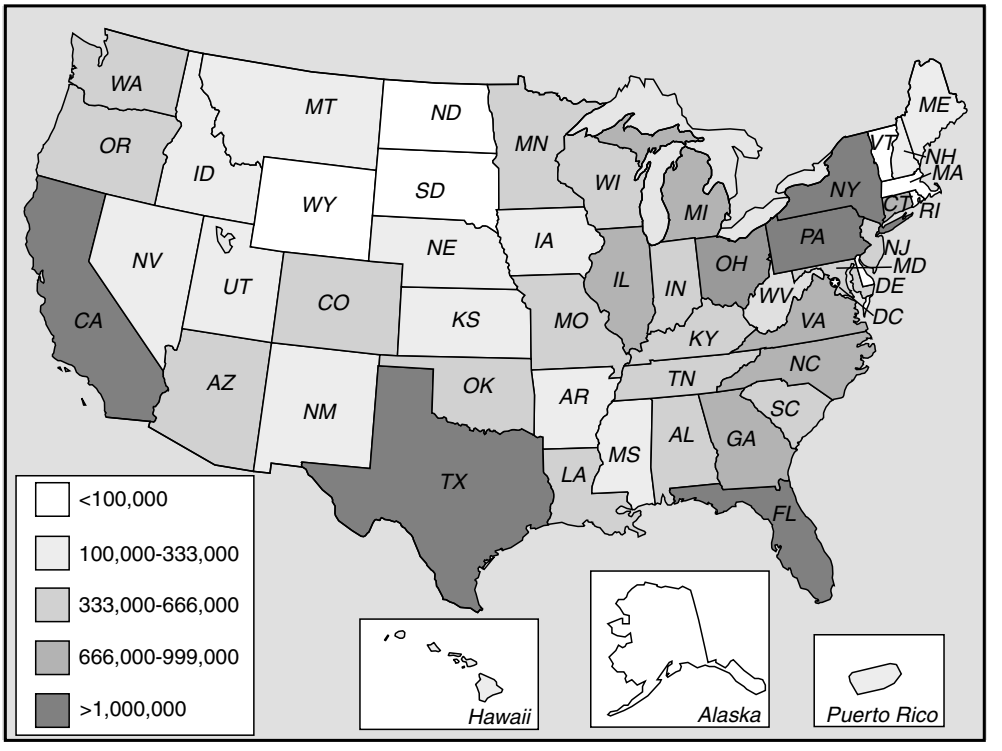

FIGURE 1
Where 26 Million American Veterans Live, 2001

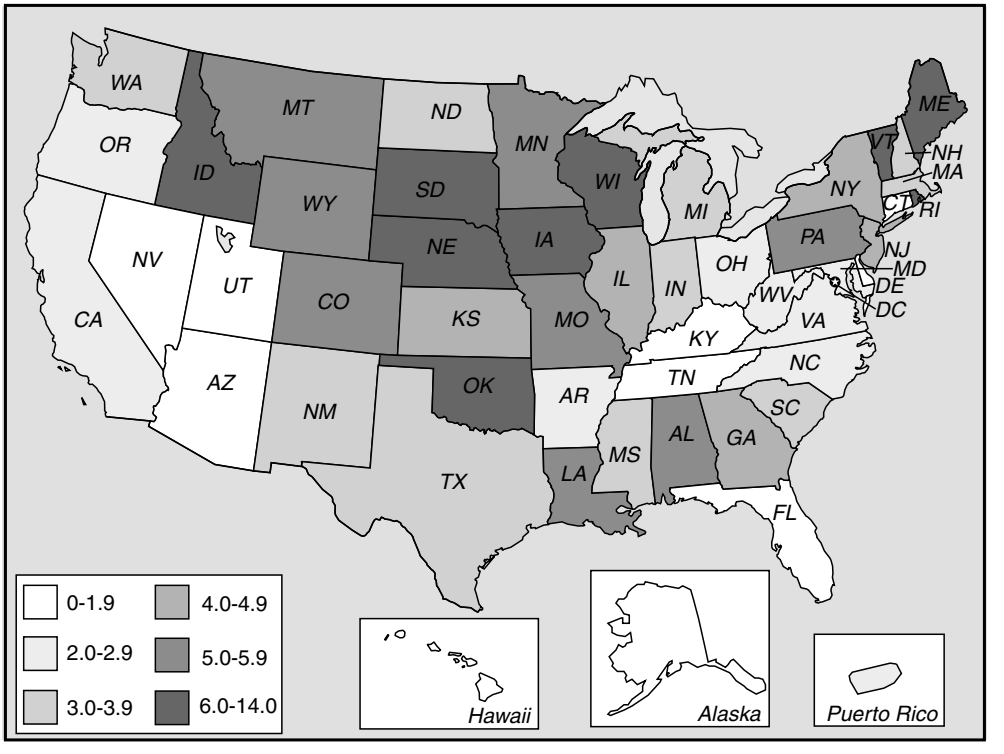

FIGURE 2
VA or State-Run Nursing Home Beds per 1,000 Veterans 65 Years or Older, 2004

Sources: U.S. Department of Veterans Affairs; National Association of State Veterans Homes.

Over one-third of all Veterans reside in six states (darkest). The overall distribution of residence, and characteristics of sub-groups (age profiles, health conditions, means, etc.) is the basis for deciding what ratios of infrastructure (hospitals, clinics, etc.) need to be provided, where. But **Figure 2** *shows the wide disparity in nursing home beds provided by either the VA, or state-run homes. Now the VA intends to restrict the eligibility for Federal reimbursement to veterans in nursing homes to those with service-related disabilities, thus eliminating coverage for 85% of veterans who require nursing home care.*

any support for that in the Congress?
Alvarado: We are finding that there is bipartisan support to be able to maintain the integrity of the veterans homes programs.

EIR: I'm sure there is support, but will they actually put some teeth into it, of the kind that gives you the guarantees you need?
Alvarado: The House put language in there, but I think they really did not know the intent of the VA: that even though they put the money back, the VA was still going to put in these across-the-board policies. So I believe that the House already completed its proposal. The Senate bill has not done its mark-up, and we have had a lot of inquiries from Senate members of the Appropriations Committee, that show that there is interst in really understanding the impact not only of the budget costs, but also of the policy. Because this issue of implementing these priorities not only affects our homes, but it affects all veterans that are in veterans homes run by the VA, and run under contract with the VA.

EIR: It seems like all of this is going to be determined very quickly with relevant subcommittee and committee hearings this week.
Alvarado: Another issue that is related to VA cuts, which will come up this week, is VA home or nursing home construction. That was the other portion of this proposed budget that affects our veterans homes. Traditionally, we have been able to work with Congress to be able to get somewhere in the vicinity of $100 million for either the construction of new beds, or refurbishing of old beds, and also for life-safety issues—generators or sprinkler systems that don't work, etc. These are the major issues in construction.

The submitted VA budget zeroes out the construction budget for this year, implementing a moratorium on construction of new beds, pending a study that would be delivered some time next year, I believe in March. Now what happens with line items in the budget: If you zero them out from one year to another, normally they don't go back and start again at the figure that they left off. You have to almost crawl back out of that hole, and start working your way back to be able to get what you need. So the House put back into the budget $25 million for life safety . . . for 2006.

The fact is, that because they are facing great needs, states that have very functionally obsolete facilities, and things breaking down, a one-year moratorium will probably end up with a two-year stop on all construction until this study is done, which would create a huge backlog of life-safety issues, of renovations, and of new beds that are needed in states such as Texas. . . . California and Florida are the big ones that would end up not seeing new beds for a number of years. And especially with the population over 85—the most needy—going to triple over the next 5-7 years.

EIR: And who is supposed to be studying this?
Alvarado: I believe the way the VA works is like CARES [Capital Asset Realignment for Enhanced Services]. They will get a contractor to do the study for them, a company that would be considered independent.

EIR: In my view, we don't need another CARES process going on.
Alvarado: This is what it is, for long-term care it is almost like a mini-CARES, because as you know, the CARES process did not look at long-term care or mental health.

There is one more thing with the VA: One of the reasons they have started cutting the nursing home budget, all the way across the board, is because of the beefing-up of nontraditional care, like group homes, and things that can take place at the home. Our association, most of our nursing home administrators, and I—just like anyone else—do not want to spend the last days of my life in a nursing home, and I know that neither do you. But there are times when it is absolutely needed for many reasons.

Our veterans do not have a home to be able to age in, and especially a lot of the Vietnam vet population, which is the up-and-coming aging population, is aging very rapidly—at a more rapid pace than the average person, just because of the war experience, and many of their injuries and psychological problems, and all of that. . . .

Some of the other non-institutional alternatives are excellent, but they are not a replacement for homes, in many instances. When you have an 85-year-old spouse taking care of an 85-year-old veteran, oftentimes that person ends up perishing before it is necessary, just because they are not able to provide the care. There is a place for each one of the different services, but I believe, and our association believes, that because of the tripling of the over-85 population, there is going to be a higher demand for long-term care beds.

This is life and death for many residents. Our homes provide specialized care, because of our experience working with war trauma and the issues of veterans, that makes our homes special places for our veterans. Also, [because of] the fact that we are 85% male, versus the other way around in the community, veterans are able to be provided with a support system that they cannot find in the community nursing homes. That is what makes us very special: expertise in caring for these special kind of residents. The fact that they have a support system, is sometimes better than the therapy that we can provide to them medically.