

**D55P00**  
**Department of Veterans Affairs**

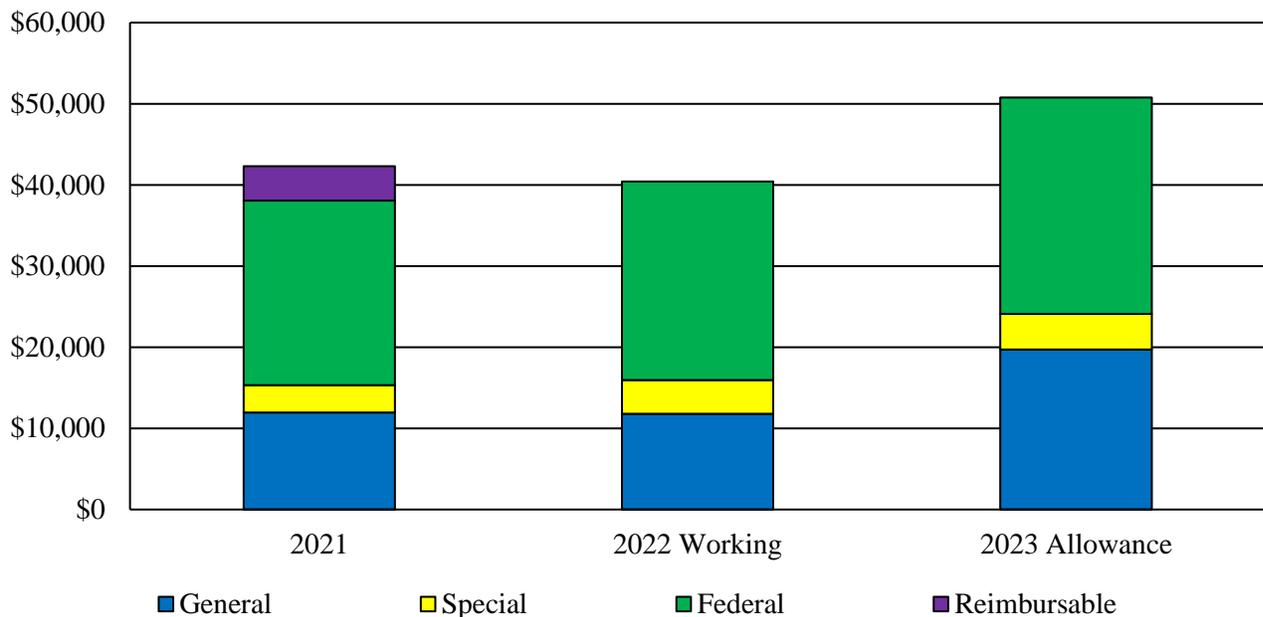
**Program Description**

The Maryland Department of Veterans Affairs (MDVA) delivers services and programs to assist Maryland veterans, their families, and survivors in obtaining State, federal, and local benefits provided by law in recognition for their service. MDVA also assures the quality maintenance of veterans cemeteries and memorials to honor Maryland veterans. MDVA also manages Charlotte Hall Veterans Home (CHVH), an assisted living and skilled nursing facility for veterans and their eligible spouses who are unable to care for themselves due to disability, advancing age, or who have requirements for nursing home care. Additionally, MDVA engages in public awareness and outreach to veterans, their families, and other stakeholders throughout the State to further engage and encourage statewide participation in addressing problems faced by Maryland veterans.

***Operating Budget Summary***

---

**Fiscal 2023 Budget Increases \$10.4 Million, or 25.7%, to \$50.8 Million**  
**(\$ in Thousands)**



Note: The fiscal 2022 working appropriation includes deficiency appropriations. The fiscal 2022 working appropriation and fiscal 2023 allowance do not reflect funding for statewide personnel actions budgeted in the Department of Budget and Management, which include cost-of-living adjustments, increments, bonuses, and may include annual salary review adjustments.

- The increases in the fiscal 2023 allowance for MDVA are driven by an increase in grounds maintenance costs for the veterans cemeteries throughout the State and CHVH.

## **Fiscal 2021**

In fiscal 2021, federal funds, totaling \$1.23 million, were received for the expansion of the Cheltenham Veterans Cemetery.

## **Fiscal 2022**

### **Proposed Deficiency**

The fiscal 2023 allowance includes one proposed fiscal 2022 deficiency appropriation for MDVA, which would provide \$14,000 in special funds to supplement the Maryland Veterans Service Animal Program.

### **Federal Stimulus Funds**

In fiscal 2021, MDVA received funding from various federal COVID-19-related stimulus legislation, totaling \$9.7 million. These funds were received both directly and by the State, including:

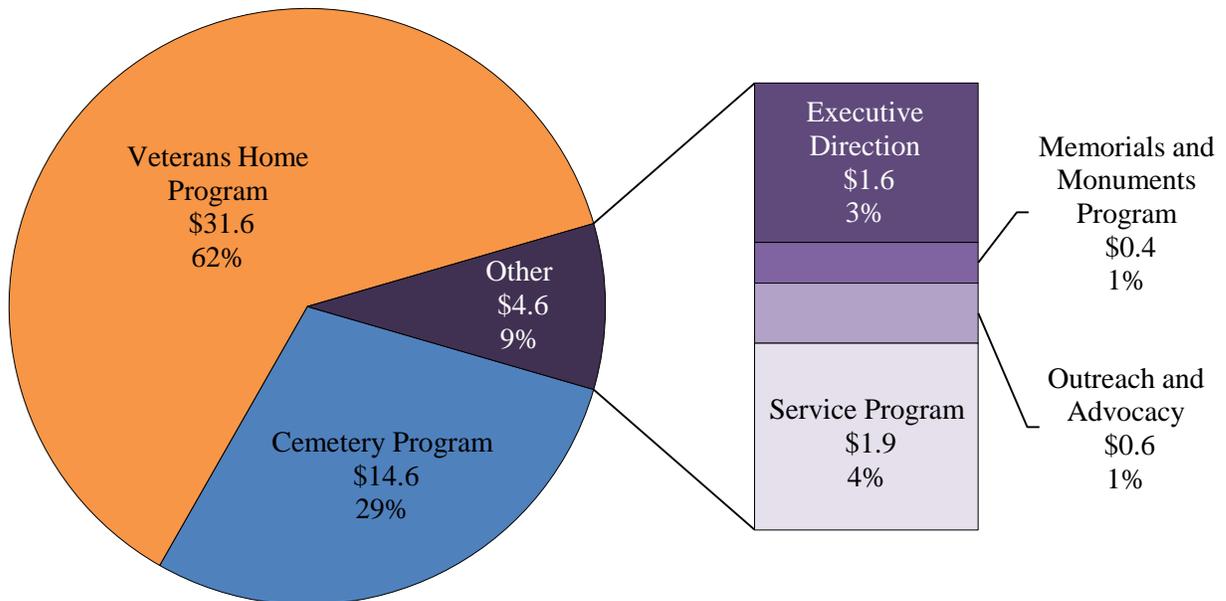
- \$5.47 million for care of veterans in CHVH from the U.S. Department of Veterans Affairs (USDVA) authorized under the Coronavirus Response and Relief Supplemental Appropriations (CARES) Act (\$1.54 million) and the American Rescue Plan Act (ARPA) (\$3.91 million); and
- \$4.25 million in reimbursable funds from the ARPA for the CHVH contractor.

In fiscal 2022, an additional \$2.58 million in State Fiscal Recovery Funds from the ARPA were provided to the contractor at CHVH to offset ongoing revenue losses from the decreased patient census at the home. Support for the contractor continues in fiscal 2023 with nearly \$4 million in federal State Fiscal Recovery dollars from the ARPA.

## **Fiscal 2023 Overview of Agency Spending**

The fiscal 2023 allowance for MDVA totals \$50.7 million, the vast majority of which relates to the management of CHVH and the veterans cemeteries, as shown in **Exhibit 1**. At CHVH, \$25.1 million of the \$31.6 million funds the contract for the care of veterans at that facility. Of the \$25.1 million, \$21 million is derived from federal fund reimbursements. The five State veterans cemeteries make up the next largest share of the budget, \$14.6 million, over half of which is for one-time grounds maintenance contracts.

**Exhibit 1**  
**Overview of Agency Spending**  
**Fiscal 2023 Allowance**  
**(\$ in Millions)**



Note: The fiscal 2023 allowance does not reflect funding for statewide personnel actions budgeted in the Department of Budget and Management, which include cost-of-living adjustments, increments, bonuses, and may include annual salary review adjustments.

Source: Governor’s Fiscal 2023 Budget Books

**Proposed Budget Change**

As shown in **Exhibit 2**, aside from an increase in the cemetery program, the other noticeable increase for MDVA are increases in expenditures for CHVH. These increases are twofold: first a budgeted increase in the cost of providing care to those residents at the home; the other being further revenue support grants to the contractor of CHVH. These expenditures are discussed in greater depth in Key Observation 1.

**Exhibit 2**  
**Proposed Budget**  
**Department of Veterans Affairs**  
**(\$ in Thousands)**

<b>How Much It Grows:</b>	<b>General Fund</b>	<b>Special Fund</b>	<b>Federal Fund</b>	<b>Reimb. Fund</b>	<b>Total</b>
Fiscal 2021 Actual	\$11,971	\$3,375	\$22,730	\$4,245	\$42,320
Fiscal 2022 Working Appropriation	11,819	4,126	24,469	0	40,414
Fiscal 2023 Allowance	<u>19,727</u>	<u>4,397</u>	<u>26,660</u>	<u>0</u>	<u>50,784</u>
Fiscal 2022-2023 Amount Change	\$7,909	\$271	\$2,190	\$0	\$10,370
Fiscal 2022-2023 Percent Change	66.9%	6.6%	9.0%		25.7%
					<b>2022-2023 Change</b>
<b>Where It Goes:</b>					
<b>Personnel Expenses</b>					
Turnover adjustments from 6.81% to 4.30%.....					\$162
Employee retirement and Social Security contributions .....					61
Employee and retiree health insurance.....					-12
Workers' and unemployment compensation premium assessment.....					-16
Fiscal 2022 salary adjustments for cemetery positions, including one-time bonus pay negotiated for fiscal 2022, partially offset by fiscal 2023 increase in regular earnings and overtime expenditures .....					-113
<b>Other Changes</b>					
Increase in cemetery program expenditures for headstone realignment throughout the State's veterans cemeteries .....					7,948
Expenditures at CHVH driven by an increase in operating grant given to the contractor and budgeted increase in care services costs .....					2,076
Maryland Veterans Service Animal Program, partially offset by fiscal 2022 deficiency ....					186
Shared statewide expenses allocation from DoIT and human resources.....					55
Other operating expenditures .....					24
<b>Total</b>					<b>\$10,370</b>

CHVH: Charlotte Hall Veterans Home  
DoIT: Department of Information Technology

Note: Numbers may not sum to total due to rounding. The fiscal 2022 working appropriation includes deficiency appropriations. The fiscal 2022 working appropriation and fiscal 2023 allowance do not reflect funding for statewide personnel actions budgeted in the Department of Budget and Management, which include cost-of-living adjustments, increments, bonuses, and may include annual salary review adjustments.

## Support for Cemetery Grounds Maintenance

The largest increase in the fiscal 2023 allowance provides funding for one-time cemetery expenses for grounds maintenance. Specifically, this nearly \$8 million increase will provide for the raising and realignment of all headstones throughout two of the State’s veterans cemeteries – Garrison Forest and Crownsville veterans cemeteries. MDVA reports that nearly 24,000 headstones will be raised and realigned at Garrison Forest and another 6,000 at Crownsville.

Grounds maintenance expenses were delayed at these facilities in both fiscal 2020 and 2021, respectively, due to certain austerity measures taken in the wake of the COVID-19 pandemic, including a July 1, 2020 Board of Public Works reduction of \$1.3 million in general funds for this purpose. These expenditures for fiscal 2023 allow the relatively small staff at each of the cemeteries funded to maintain this alignment with routine maintenance going forward. The USDVA National Cemetery Administration maintains exacting standards for the headstones at State veterans cemeteries, and this significant raising and realignment, at these two cemeteries, will allow the State to remain in compliance in future years with existing resources.

### *Personnel Data*

	<b>FY 21</b> <b><u>Actual</u></b>	<b>FY 22</b> <b><u>Working</u></b>	<b>FY 23</b> <b><u>Allowance</u></b>	<b>FY 22-23</b> <b><u>Change</u></b>
Regular Positions	116.00	117.00	117.00	0.00
Contractual FTEs	<u>7.00</u>	<u>6.25</u>	<u>6.25</u>	<u>0.00</u>
<b>Total Personnel</b>	<b>123.00</b>	<b>123.25</b>	<b>123.25</b>	<b>0.00</b>

#### *Vacancy Data: Regular Positions*

Turnover and Necessary Vacancies, Excluding New Positions	5.03	4.30%
Positions and Percentage Vacant as of 12/31/21	15.00	12.82%
Vacancies Above Turnover	9.97	8.52%

Of the current vacant positions, the overwhelming majority (12 of 15) are within the cemetery program. The cemetery program has the largest number of State employees within the department, at 77 positions budgeted in fiscal 2022. This current vacancy rate within the cemetery program of 15.6% drives the department’s overall vacancy rate, with the remaining 40 positions in MDVA only having 3 currently vacant positions, a vacancy rate of 8%. Many of MDVA’s current vacancies, including those cemetery positions (11 of 12), are recent vacancies. Cemetery staff in particular have been a long-standing challenge in recruitment and retention for MDVA, with these positions being relatively poorly compensated, physically demanding, and often in less-populated regions of the State. In previous years, MDVA has used surplus personnel funding from turnover being budgeted below vacancy rate for various recruitment and retention bonuses. **MDVA should comment on current and ongoing efforts to improve recruitment and retention within the cemetery positions.**

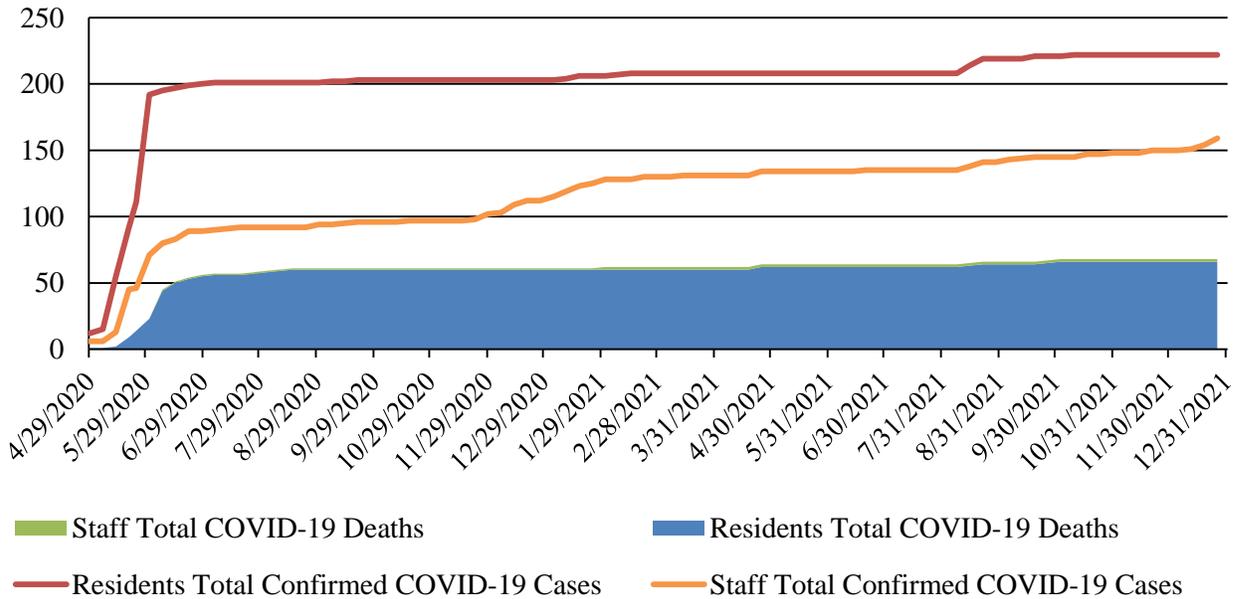
## Key Observations

### 1. CHVH and the Ongoing COVID-19 Pandemic

CHVH, which opened in 1985, is a State-owned, long-term health care facility in St. Mary’s County offering assisted living and skilled nursing care for eligible veterans and their spouses who are unable to care for themselves due to disability, advancing age, or who have requirements for nursing home care. Clinical care and health care management at CHVH are provided by a private contractor but are overseen by the director and other MDVA staff. The home provides shelter, sustenance, medical care, and the social services necessary to maintain the residents’ quality of life. Unfortunately, like many other nursing homes and other elder care facilities in the State, CHVH was hit particularly hard by the COVID-19 pandemic.

**Exhibit 3** uses data from the Maryland Department of Health (MDH) and Centers for Medicare and Medicaid Services (CMS) on nursing homes to show COVID-19 cases and deaths at CHVH. As shown, the majority of the cases and death associated with COVID-19 were concentrated in the early phases of the pandemic. Early summer was the height of the crisis for CHVH, with the most resident cases over a single week, 74 reported on June 3, 2020, and the most resident deaths, 22, reported a week later.

**Exhibit 3**  
**COVID-19 Impact on CHVH**  
 April 2020 to December 2021



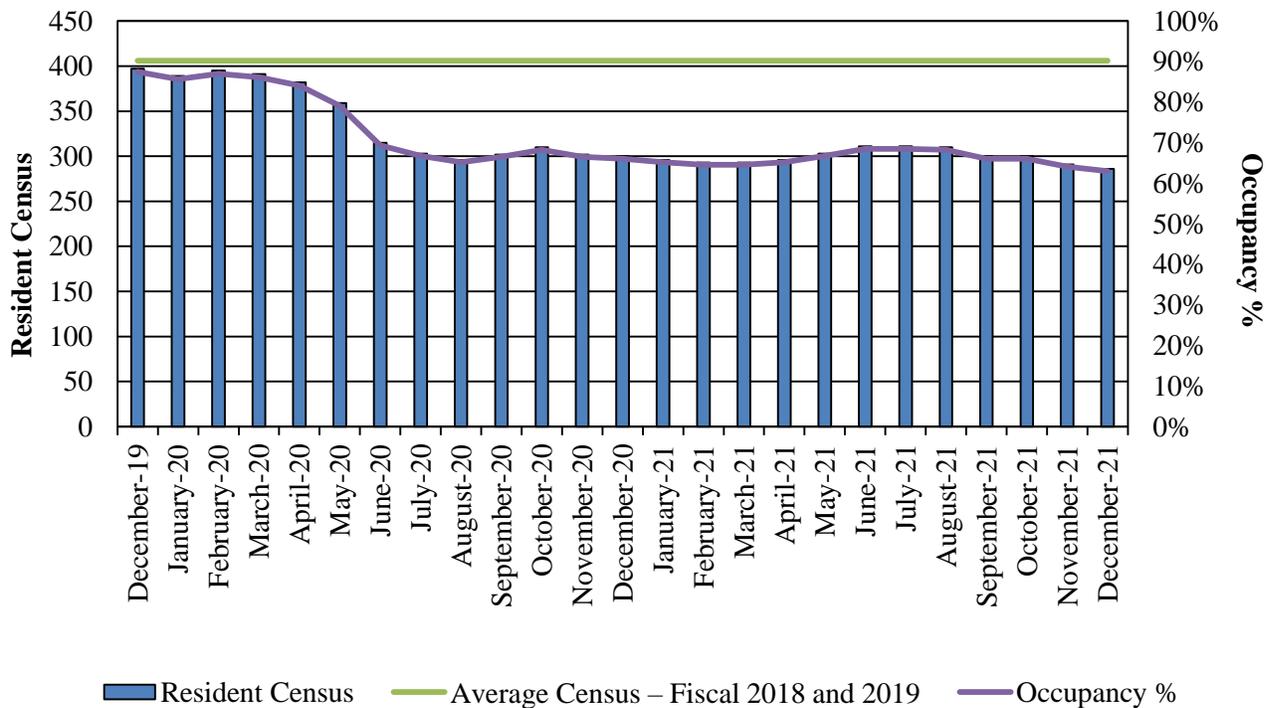
CHVH: Charlotte Hall Veterans Home

Source: Maryland Department of Health; Centers for Medicare and Medicaid Services

During this time, MDVA reported delays in testing, difficulty with personal protective equipment procurement, and staffing shortages. Some staffing shortages were addressed by the federal Veterans Affairs Medical Center or the National Guard. Due to the inability to admit new residents during the height of the pandemic, with the fatalities, the resident census dipped below traditional occupancy levels, and the resident census at CHVH remains well below prior levels.

In fiscal 2021, the resident census averaged only 68%, well below the traditional 90% occupancy levels in the home. **Exhibit 4** shows the average daily census on a month-by-month basis from December 2019 to December 2021.

**Exhibit 4**  
**CHVH Resident Census**  
**December 2019 to December 2021**



CHVH: Charlotte Hall Veterans Home

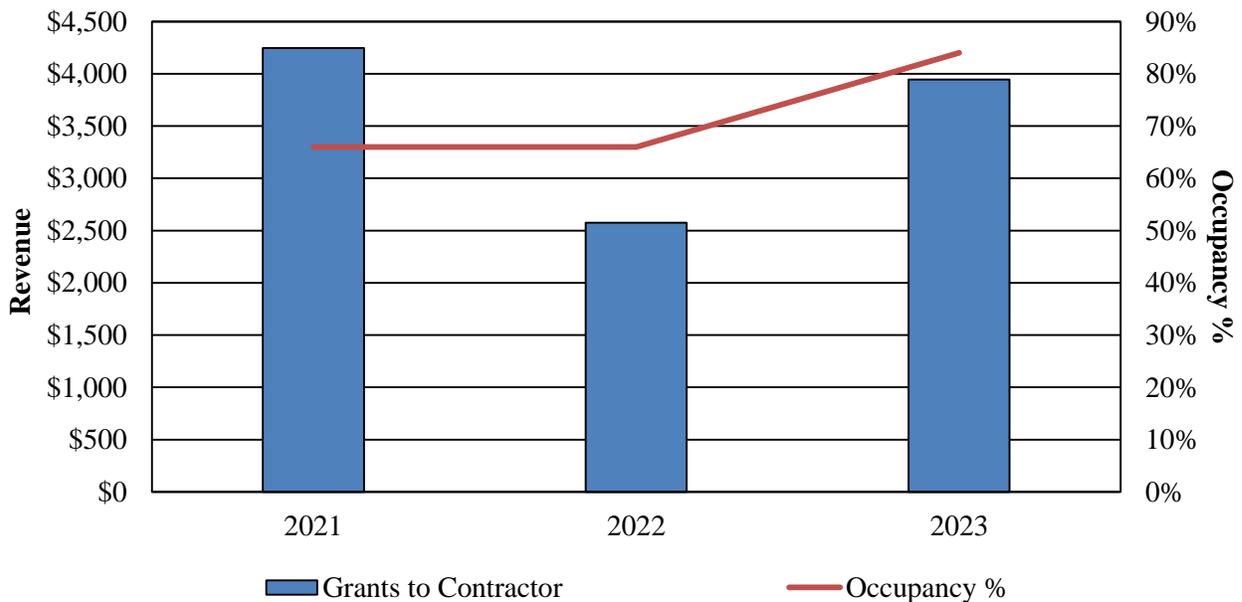
Source: Maryland Department of Veterans Affairs

Due to the current funding model, this reduction in resident census has a direct impact on the contractor that runs the day-to-day operations of the home. Prior to fiscal 2018, MDVA received a per diem reimbursement in federal funds from USDVA for each veteran that is in the care of CHVH. MDVA subsequently paid the contractor that managed the home and retained additional federal funds for later use. MDVA found this funding model to be unpredictable in terms of the amount of the federal fund reimbursement from year to year. In an effort to create a more predictable system of revenues and expenditures, MDVA planned to change the funding model so that the federal fund reimbursement

would be sent in its entirety to the management contractor. The contractor would in turn pay MDVA a bed lease of \$18 per bed per day, or \$2,982,780 annually. The bed lease payment from the contractor would enter the bed lease special fund established by Chapter 317 of 2016, which would allow sufficient funds for MDVA to maintain a modest reserve for additional needs of CHVH.

Given that the downturn in resident census directly impacts the revenues of the contractor, MDVA has provided funding to the contractor to offset revenue loss. **Exhibit 5** shows the amounts provided and anticipated to be provided in each fiscal year. It is important to note that each of these grants have been derived from some of the various federal COVID-19 relief funds (CARES Act funds in fiscal 2021 and ARPA funds in fiscal 2022 and 2023). Although MDVA anticipates resident census returning closer to traditional levels in fiscal 2023, nearly \$4 million in federal funds is being provided to the contractor to offset revenue losses during fiscal 2023. Since fiscal 2021, the contractor has received over \$10 million for this purpose from the State derived from various COVID-19 relief federal funds.

**Exhibit 5**  
**Additional Revenue Support for CHVH Contractor**  
**Fiscal 2021-2023**  
**(\$ in Thousands)**



CHVH: Charlotte Hall Veterans Home

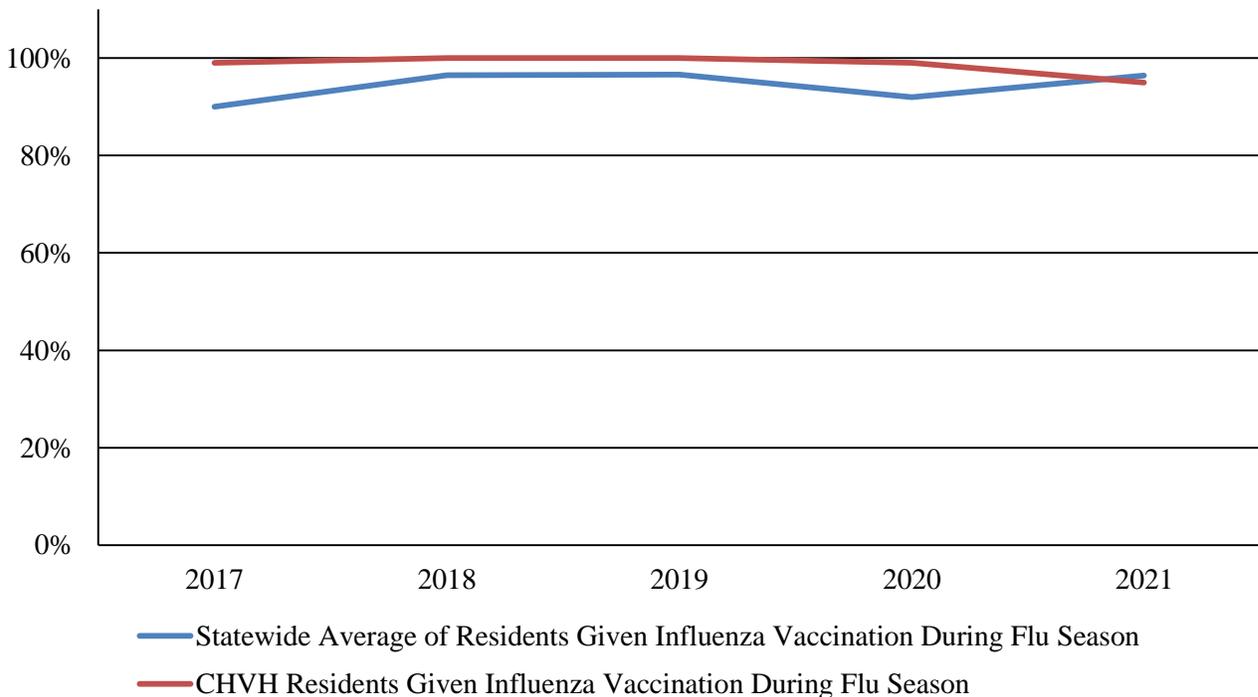
Note: Fiscal 2022 census is represented year to date through December 2021. Fiscal 2023 occupancy percent represent estimated from Managing for Results data.

Source: Department of Budget and Management; Charlotte Hall Veterans Home

## CHVH Health and Safety Performance Relative to Other Nursing Homes

Routinely, the Governor’s Managing for Results data has compared CHVH to other nursing homes in the State. CHVH has routinely achieved higher flu vaccination rates for their residents than other nursing homes in the State. **Exhibit 6** shows these rates for CHVH and the statewide average. However, in fiscal 2021, the flu vaccination rate dipped below the statewide rate.

**Exhibit 6**  
**Annual Flu Vaccination Rates**  
**CHVH versus Statewide**  
**Fiscal 2017-2021**

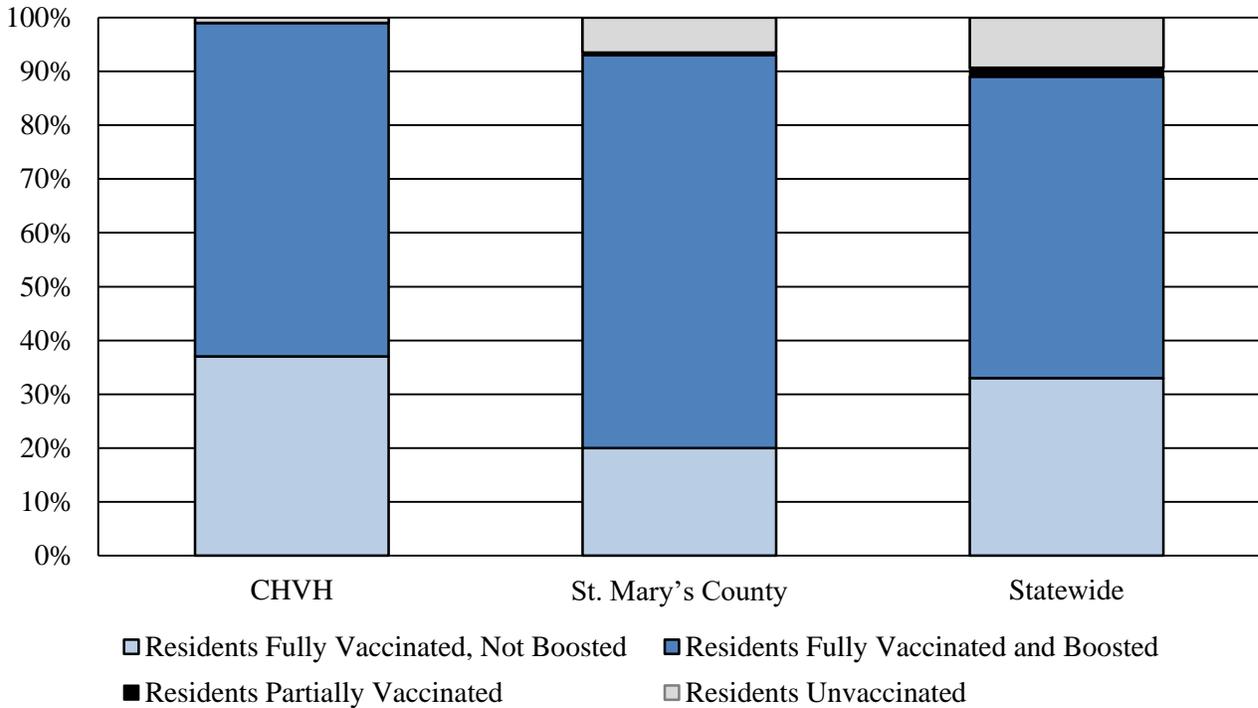


CHVH: Charlotte Hall Veterans Home

Source: Department of Budget and Management

CHVH’s historical ability to vaccinate their residents at a high rate likely assisted in their ability to provide COVID-19 vaccinations to residents. **Exhibit 7** uses CMS reporting on nursing homes to compare CHVH to similar facilities both in the State and St. Mary’s County. As shown in Exhibit 7, residents at CHVH have the lowest rate of unvaccinated residents when compared to other nursing homes, both locally and statewide. However, CHVH has a lower share of those residents who have received their booster shots relative to the other nursing homes in the county.

**Exhibit 7**  
**COVID-19 Vaccination Rates, Residents**



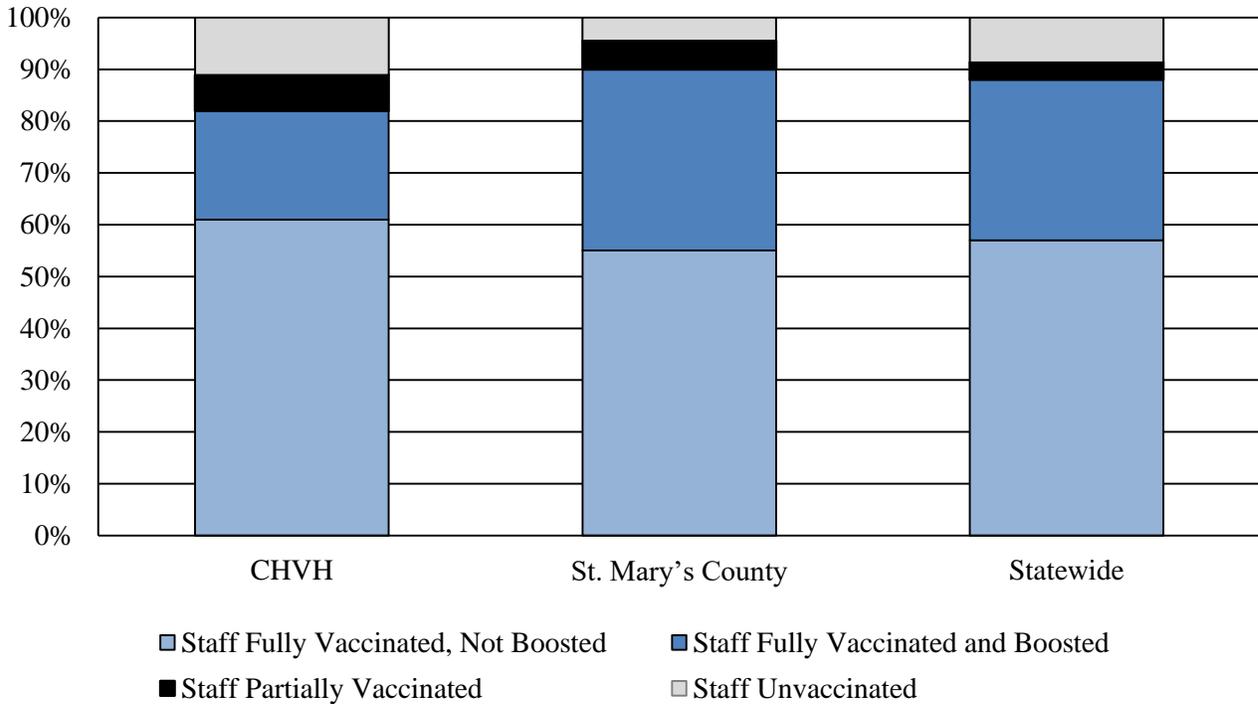
CHVH: Charlotte Hall Veterans Home

Note: Data as of December 26, 2021.

Source: Centers for Medicare and Medicaid Services

However, using this same dataset, when focusing on staff at these facilities, CHVH has the lowest rate of vaccination by any metric, shown in **Exhibit 8**. Not only does CHVH have the highest rate of unvaccinated staff but, of those fully vaccinated, CHVH has the lowest percentage of staff that have received booster shots as well. It is important to note that given the nature of the contract for care services at CHVH, many individuals at CHVH doing the day-to-day care services are not State employees but staff from the contractor. In fact, only six individuals working at CHVH are State employees, while the CMS reporting shows an available workforce of nearly 400 on any given week.

**Exhibit 8  
COVID-19 Vaccination Rates, Staff**



CHVH: Charlotte Hall Veterans Home

Note: Data as of December 26, 2021.

Source: Centers for Medicare and Medicaid Services

Given CHVH’s unique position within the State’s facilities, both in terms of resident population, management, and staffing, the Department of Legislative Services (DLS) recommends adopting budget bill language restricting \$2 million in federal fund grants to the contractor pending a report on CHVH’s and MDVA’s response to the COVID-19 pandemic to gain further insight into the realities of the pandemic. This report should include a discussion of strategies and best practices for infection control used by the facility during the pandemic. This report should specifically discuss the impact that resident census has on revenue and facility operations and the methodology used for determining revenue supports. This discussion of revenue support should also include justification for continued support in fiscal 2023. Additionally, the report should include a discussion of the COVID-19 vaccination rollout, both among staff and residents; any initiatives or incentives to increase vaccination rates; and the impact that the vaccine availability has had on CHVH operations.

## Operating Budget Recommended Actions

---

1. Add the following language to the federal fund appropriation:

, provided that \$2,000,000 of this appropriation made for the purpose of grants to the Charlotte Hall Veterans Home (CHVH) contractor may not be expended until the Maryland Department of Veterans Affairs submits a report to the budget committees on CHVH’s response to the COVID-19 pandemic, including justification for continued revenue support for the contractor in fiscal 2023. The report shall be submitted by October 1, 2022, and the budget committees shall have 45 days to review and comment. Funds restricted pending the receipt of a report may not be transferred by budget amendment or otherwise to any other purpose and shall be canceled if the report is not submitted to the budget committees.

**Explanation:** CHVH is the only such facility currently operated by the State. The facility’s care of elderly veterans made it uniquely impacted and susceptible to the challenges of the COVID-19 pandemic. The committees are interested in gaining insight into the impact that the COVID-19 pandemic has had on CHVH’s residents, staff, and operations. The committees request that Maryland Department of Veterans Affairs (MDVA) and CHVH submit a report that conveys and reflects the difficulties faced by CHVH throughout the COVID-19 crisis thus far. This report should include a discussion of strategies and best practices for infection control used by the facility. Further, the report should include a detailed discussion of the impact that resident census has on revenue and facility operations and the methodology used for determining revenue supports. The report should further address the continued need for revenue support in fiscal 2023. Additionally, the report should include a discussion of the COVID-19 vaccination rollout, both among staff and residents; any initiatives or incentives to increase vaccination rates; and the impact that the vaccine availability has had on CHVH operations

<b>Information Request</b>	<b>Author</b>	<b>Due Date</b>
COVID-19 impact on CHVH operations and contractor revenue	MDVA	October 1, 2022

**Appendix 1**  
**2021 Joint Chairmen’s Report Responses from Agency**

The 2021 *Joint Chairmen’s Report* (JCR) requested that MDVA prepare one report. Electronic copies of the full JCR responses can be found on the DLS Library website.

- ***Complementary and Alternative Medicine (CAM) for Veterans:*** The report submitted by MDVA highlights the uses and benefits of using CAM for the treatment of veterans’ mental health needs, possible treatments, opportunities for grant funding for these treatments, and any existing collaborations between MDH and MDVA. The report listed the eight uses of CAM approved by USDVA, including acupuncture, biofeedback, clinical hypnosis, guided imagery, massage therapy, meditation, tai chi, and yoga. While the report and USDVA found difficulties finding evidence on the efficacy of CAM for the treatment of veterans, the response noted that the Maryland Veteran Affairs Healthcare System (VAHCS) has used mindfulness, tai chi, music therapy, and relaxation for the treatment of veterans. The response did not identify grant funds that may be available for CAM; however, MDVA highlighted that VAHCS does reimburse community providers for the various CAM treatments approved by USDVA.

**Appendix 2  
Object/Fund Difference Report  
Department of Veterans Affairs**

<u>Object/Fund</u>	<u>FY 21 Actual</u>	<u>FY 22 Working Appropriation</u>	<u>FY 23 Allowance</u>	<u>FY 22 - FY 23 Amount Change</u>	<u>Percent Change</u>
<b>Positions</b>					
01 Regular	116.00	117.00	117.00	0.00	0%
02 Contractual	7.00	6.25	6.25	0.00	0%
<b>Total Positions</b>	<b>123.00</b>	<b>123.25</b>	<b>123.25</b>	<b>0.00</b>	<b>0%</b>
<b>Objects</b>					
01 Salaries and Wages	\$ 7,694,101	\$ 8,207,267	\$ 8,288,226	\$ 80,959	1.0%
02 Technical and Special Fees	247,429	259,497	256,856	-2,641	-1.0%
03 Communication	80,452	77,049	91,816	14,767	19.2%
04 Travel	12,518	38,226	53,226	15,000	39.2%
06 Fuel and Utilities	795,502	783,873	868,957	85,084	10.9%
07 Motor Vehicles	284,183	387,576	418,864	31,288	8.1%
08 Contractual Services	27,063,838	25,882,293	34,858,606	8,976,313	34.7%
09 Supplies and Materials	671,866	765,250	765,250	0	0%
10 Equipment – Replacement	177,556	392,634	392,634	0	0%
11 Equipment – Additional	595,902	423,535	254,000	-169,535	-40.0%
12 Grants, Subsidies, and Contributions	4,461,430	3,006,622	4,376,828	1,370,206	45.6%
13 Fixed Charges	66,151	75,967	86,183	10,216	13.4%
14 Land and Structures	169,473	100,065	72,389	-27,676	-27.7%
<b>Total Objects</b>	<b>\$ 42,320,401</b>	<b>\$ 40,399,854</b>	<b>\$ 50,783,835</b>	<b>\$ 10,383,981</b>	<b>25.7%</b>
<b>Funds</b>					
01 General Fund	\$ 11,970,503	\$ 11,818,609	\$ 19,727,275	\$ 7,908,666	66.9%
03 Special Fund	3,375,391	4,111,903	4,397,007	285,104	6.9%
05 Federal Fund	22,729,507	24,469,342	26,659,553	2,190,211	9.0%
09 Reimbursable Fund	4,245,000	0	0	0	0.0%
<b>Total Funds</b>	<b>\$ 42,320,401</b>	<b>\$ 40,399,854</b>	<b>\$ 50,783,835</b>	<b>\$ 10,383,981</b>	<b>25.7%</b>

Note: The fiscal 2022 working appropriation does not include deficiency appropriations. The fiscal 2022 working appropriation and fiscal 2023 allowance do not reflect funding for statewide personnel actions budgeted in the Department of Budget and Management, which include cost-of-living adjustments, increments, bonuses, and may include annual salary review adjustments.