

Department of Veterans' Services (Report Highlights)

August 2001

The Department of Veterans' Services has evolved from a Veterans' Service Office (1925) to the present Department (1999). The Department helps veterans file claims and appeals for federal benefits. It also acts as guardian and conservator for incapacitated veterans and as the personal representative for their estates. The Department also operates the Arizona State Veteran Home, which provides long-term care and skilled nursing for veterans and their spouses.

Our Conclusions:

The Department has made significant improvement in protecting the assets of its client veterans. The Department has also improved its quality of care and Medicare billing practices at the Veteran Home; and improved Department-wide procurement. However, it needs a better method of tracking and assigning employee time to various tasks.

Fiduciary Services Have Significantly Improved

Veterans who are unable to handle their own financial affairs are referred to the Department by various sources. To assist these veterans, the Department can petition the Superior Court for appointment as a conservator of the veteran's estate.



In 1997 and 1998 this Office reported that the Department was generally failing to safeguard the personal assets of the veterans under its charge by:

- Inadequately inventorying their assets;

- Not establishing controls to prevent theft or misuse of assets; and
- Failing to distribute assets of deceased clients in a timely manner.

Arizona has over 500,000 veterans. In 2000, the Department:

- Helped veterans collect over \$30 million in federal benefits;
- Served as a fiduciary for over 250 veterans; and
- Cared for nearly 200 veterans or spouses of veterans in its Veteran Home.

In 1998, the Superior Court for Maricopa and Pima Counties quit appointing the Department as guardian or conservator because the Department was generally failing to safeguard the assets of veterans under its charge. In the following year, the state Supreme Court followed suit.

Since then, the Department has significantly improved its provision of fiduciary services by:

- Adding staff to help manage the Fiduciary Division and veterans' assets;
- Reconciling active accounts;
- Obtaining accurate asset inventories;
- Reducing its backlog of deceased veterans' estates; and
- Improving controls over cash.

In 2000, the Superior and Supreme Courts lifted the restrictions on the Department.



State Veteran Home

Quality of Care At the Veteran Home and Department Procurement Has Improved

In the past four years the Home has been reviewed by the following agencies and has responded to the problems identified.

1998—A State Department Health Services inspection found 14 deficiencies in quality of care, twice the average rate. Deficiencies included:

- Improper use of restraints;
- Failing to monitor residents; and
- Failing to meet residents' physical and emotional needs.

By 2000, that number had been cut in half and the Home had adopted a plan to address the remaining issues.

Arizona Veteran Home

- 200-bed licensed facility;
- Cost to build—\$14.2 million, including \$9 million in federal funds;
- Serves veterans, spouses, and widows;
- Home receives no General Fund monies; and
- Average daily cost per resident = \$147.

1998—Auditors found that the Home had not adequately documented Medicare services provided to its patients. As a result, the Home had to repay Medicare over \$143,000 in 1998. The Home has since improved its documentation to support Medicare claims.

2000—A January inspection by the U.S. Department of Veterans' Affairs (VA) found violations of food processing and drug distribution standards, but a follow-up review conducted by the VA found that the Department subsequently resolved these deficiencies.

Procurement problems also addressed—
 In 1999, the State Procurement Office (SPO) identified several problems with the Home's procurement process. The Department has resolved these problems by hiring skilled staff to oversee procurement, providing procurement training, and developing contracts in areas previously lacking.

Better Method Needed To Track Employee Time

Money from the Veterans Trust Fund can only be used for operating and maintaining the Home. However, the Department paid some non-Home-related personnel costs out of the Trust Fund. This was partially solved when the Department received an additional \$500,000 funding from the Legislature. However, the amount of time staff provides to the Home continues to vary.

The Department should:

- ✓ Implement a system to better track staff services to the Home and the Department
- ✓ Use the system to charge personnel costs and prepare the budget.

Other Pertinent Information on Nursing Staff Recruitment

The Department's Home has a significant problem with nursing staff terminating and filling vacant positions. In fiscal year 2000, the Veteran Home reported turnover of:

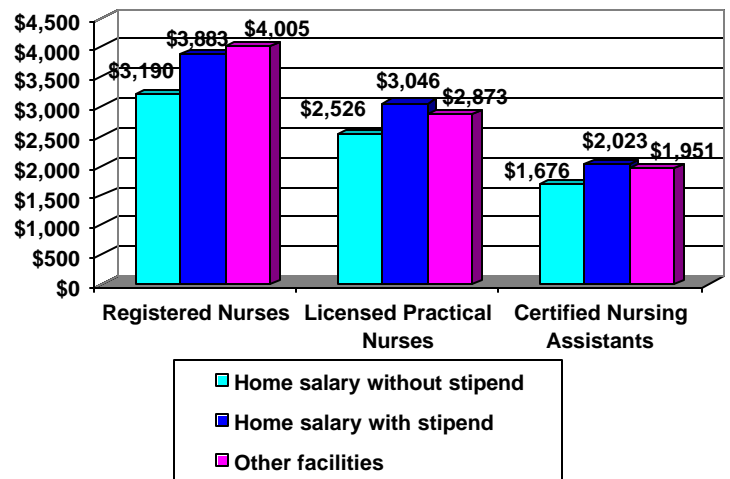
- 55% for nurses; and
- 70% for CNAs.

To attempt to reduce the turnover, the Department:

- Introduced a stipend program to boost salaries; and
- Took other steps, such as team building, to improve employee morale.

The stipends have made the Home's salaries much more competitive with other facilities in Maricopa County.

Monthly Nursing Salaries



Ongoing efforts have produced mixed benefits—Department efforts have resulted in fewer staff vacancies and the Department has significantly reduced its use of temporary nursing services. These costs have dropped by approximately \$685,000 in fiscal year 2001.

However, turnover remains high and overall nursing costs increased by approximately \$265,000 in fiscal year 2001 due to increases in permanent nursing staff costs.

To Obtain More Information

- A copy of the full report can be obtained by calling (602) 553-0333 or by visiting our Web site at:

www.auditorgen.state.az.us

- The contact person for this report is **Dale Chapman**.