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April 29, 2003

JOINT LEGISLATIVE SUBCOMMITTEE

For the record: I am Chuck Fulkerson, Director, and Office of Veterans Services
Southern Nevada Veterans Nursing Home Budget. 2561

Summary of where the budget is now:

The FY 04-05 original operating plan was prepared and approved by the 99 Legislative session for the opening of the nursing home in June of 2000. State employees who were not experienced in the actual operation of a state operated veteran's nursing home developed that budget. The budget development was based on information gained from other state veteran's nursing home operations and some operational costs from for-profit nursing homes in the local area. The FY04 & FY05 Executive budget assumed full residential occupancy for the budget period. We now know about one third of the home will be occupied as of July 1, 2003.

Adjustments were made incorporating knowledge gained after the home began admitting residents in August 2002 and the input from the present administrator using his knowledge from the successful operation of three state nursing homes in Idaho over a 19-year period.

These adjustments are included in a revised budget for FY04 & FY05 submitted to LCB on April 25, 2003.

This budget was updated to include the impacts of partial operation in FY 04 and for other revisions resulting from the home operated by an experienced Administrator.

Gary Bermeosolo, Administrator and Darrel Hansen, Administrative Service Officer will speak to changes in this revised budget.

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EXHIBIT D: Senate Committee on Finance
Date: 4/29/03 Page 1 of 4

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April 29, 2003 Budget Presentation

Mr. Chairman and members of the Committee, it is our pleasure to appear before you once again. Today, we are here to present a summary of an "updated FY 2004-2005 budget" for the Nevada Veterans Nursing Home (NVNH).

Much has transpired since the last time we met. The war in Iraq has occupied a fair amount of our attention and perhaps reminded us all that "FREEDOM IS NOT FREE." Nevada recognized that fact when it stepped forward to join 46 other states in sharing the cost of providing quality care to disabled veterans with our first Nevada Veterans Nursing Home.

We have been working diligently for the past few weeks to prepare a realistic updated budget. Also, during this time we had a visit from 12 VA surveyors who spent three full days in our Home a couple of weeks ago. I am pleased to report that the outcome of that visit was a finding of "no deficiencies" and a recommendation to VA Central Office for full recognition.

Our goal for this budget has remained steadfast: to become more cost effective without jeopardizing the quality of care we are currently providing. Mr. Chairman, I am pleased with the progress we have made and I think you will be too. With your permission, I would like to highlight some of our accomplishments, thus far:

- We updated our FY 2004 budget request to reflect the opening of our remaining two wings.
- We modified our Medicaid patient mix calculations downward to a more realistic rate of 60%.
- We increased our private pay patient mix projections from 13% to 33%.
- We reduced our FTE request by 41 positions.
- We are in the process of contracting housekeeping, laundry, and landscape services for a total annual savings of approximately \$430,000 per year.
- We have reduced our overall budget request by approximately \$1.26 million.

Please be assured that it is our intention to continue to work with the Budget Office and LCB Staff in preparation for the closing of our budget. We plan of revisiting our staffing levels over the rest of this week and it is our intention to be ready for closing when scheduled.

In closing, we would like to acknowledge that we are aware that there has been continuing discussion about the possibility of contracting the management of the State Home to a "for profit" operator. The last time I appeared before you, I gave you what I think to be some compelling reasons as to why this is not a good idea. Today, our Director, Mr. Chuck Fulkerson, has prepared further comments for you about this topic.

**Mr. Chairman, I would be happy to answer any further questions from
Committee Members.**