



Kentucky Veterans Centers: Capacity, Cost, and Access to Care

Legislative Oversight Staff Presentation

To

**Veterans, Military Affairs, & Public Protection
Committee**

June 17, 2026



Presentation Overview

Two Presentation Sections

General Performance Evaluation

- Governance and funding
- Functional system capacity
- Staffing
- Quality of care

Targeted Review: Occupancy and Capacity

- Is occupancy too low?
- Would increasing occupancy increase revenue?
- Is capacity limiting access to care?
- What is causing communication breakdowns?



Presentation Overview

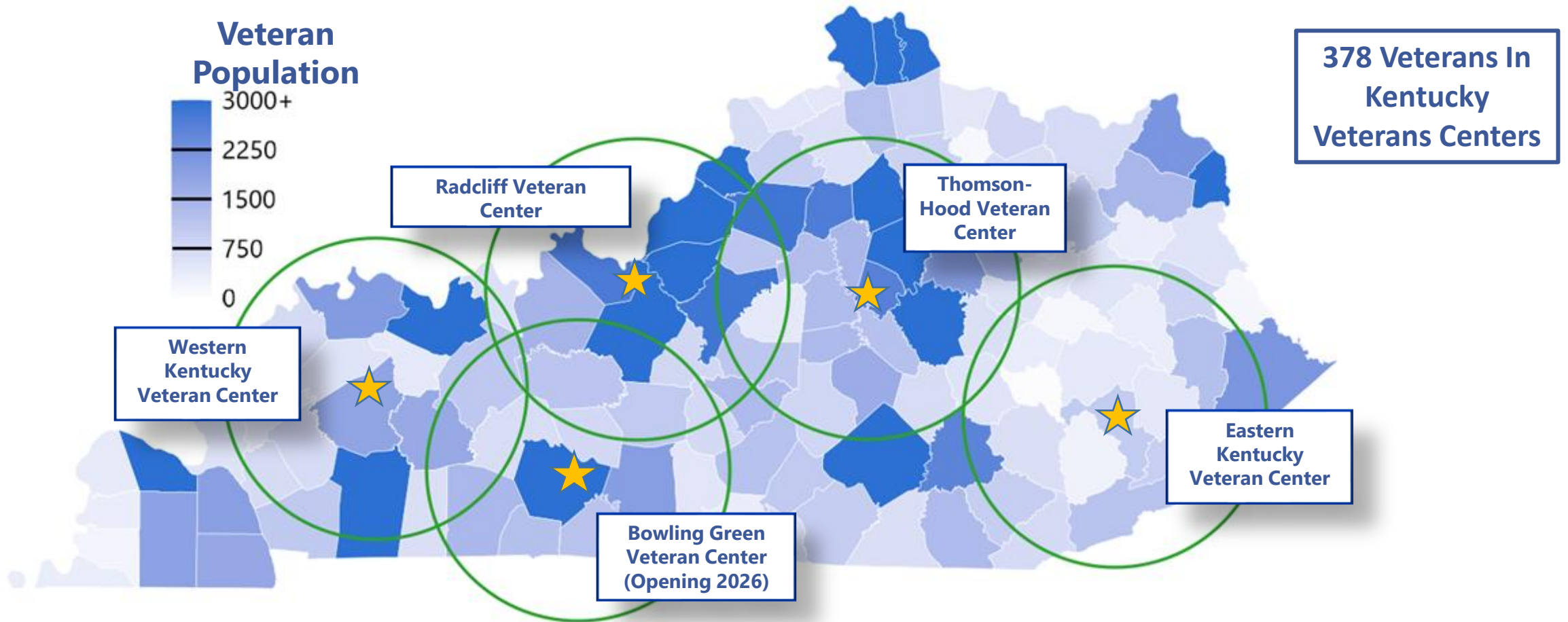
Highlighted Findings

- Quality of care is high and staffing has improved.
- Reported occupancy understates system utilization - which is high.
- Increases to occupancy do not increase revenue.
- KDVA must improve admissions procedures and waitlist management
- Lack of waitlists means that demand is impossible to determine.
- KDVA must improve communication with applicants and policy-makers
- KDVA has agreed with the findings of this report and begun implementing the recommendations.

18 Recommendations and 4 Legislative Considerations

- Reports are scheduled to be delivered to VMAPP by October.

Kentucky Veterans' Centers: Locations And Population





Facility Performance

Occupancy and Capacity

- Facility characteristics
- Certified versus Functional

Staffing

- Recovery and stabilization
- Special interest rates and locality premiums

Quality of Care

- Centers for Medicare and Medicaid Services metrics
 - Quality and review



Facility Performance: Occupancy 2025

Veterans' Center	Year Opened	Occupancy	Facility Model	Room Type
Thomson-Hood	1991	142	Medical	Single-occupancy*
Eastern KY	2002	96	Medical	Double-occupancy
Western KY	2002	83	Mixed	Mixed
Radcliff	2017	57	Residential	Single-occupancy
Bowling Green	2026	N/A	Residential	Single-occupancy

*Informally transitioned to single-occupancy in 2021.

Source: LOIC staff compiled data and findings for Kentucky veterans' centers. Compiled from KDVA data requests, federal VA requests for information, facility site visits, and interviews.

Medical Vs. Residential Models



Medical
Double Occupancy



Residential
Single Occupancy





Facility Performance: Capacity Certified Versus Functional

Veterans' Center	Occupancy	Certified Capacity	Certified Occupancy Rate	Functional Capacity	Functional Occupancy Rate
Thomson-Hood	142	285	50%	154	92%
Eastern KY	96	120	80	120	80
Western KY	83	156	53	112	74
Radcliff	57	120	48	60	95
Bowling Green	-	-	-	-	-
Total	378	681	56%	446	85%

Source: LOIC staff compiled data from KDVA data requests which included information on occupancy and capacity. Provided to LOIC staff Aug 18, 2025.



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Functional Capacity: Single-Occupancy Rooms

Why Transition to Single-Occupancy?

- Improves quality of life
- Strengthens infection control
- Reduces behavioral issues
- Aligns with federal and medical best practices

Single-Occupancy Transition Status

- Thomson-Hood and Western Kentucky – Informally transitioned
- Eastern Kentucky – Double-occupancy
- Radcliff and Bowling Green – Original design



Recommendation 3.1

Kentucky Department of Veterans' Affairs should evaluate transitioning all Kentucky veterans' centers to single-occupancy rooms statewide and report their findings and the status of current facilities to the General Assembly. In addition to evaluating and maintaining single-occupancy at the Thomson-Hood Veterans Center and the Western Kentucky Veterans Center, the report should investigate transitioning Eastern Kentucky Veterans Center to single occupancy. The report should be provided to the Legislative Oversight and Investigations Committee; the Interim Joint Committee on Veterans, Military Affairs, and Public Protection; and the Legislative Research Commission by October 1, 2026.



Recommendation 2.3

The Kentucky Department of Veterans' Affairs should continue to prioritize the use of single-occupancy rooms at Thomson-Hood Veterans Center as resident census levels increase.



Recommendation 2.5

The Kentucky Department of Veterans' Affairs should include the Eastern Kentucky Veterans Center in long-term systemwide planning and feasibility assessments related to transitioning to single-occupancy rooms.

Agency Response to Recommendations Related to Single-Occupancy

Agreed to pursue single-occupancy statewide



- Additional budget requests made for single occupancy renovations for FY 27-FY 28:
 - Thomson Hood Veterans Center
 - Western Kentucky Veterans Center
- Decertification of double-occupancy beds scheduled to follow renovations (estimated FY28)
- Budget request submitted for a feasibility study to guide EKVC single-occupancy transition

Functional Capacity: Capital Projects

Radcliff Veterans' Center HVAC Replacement

- 50 percent reduced capacity since 2022
- Estimated completion date of March 2027
- Full capacity is not expected until 2028.
- Estimated cost: \$25 million
- Replaced outside of warranty



Matter for Legislative Consideration 2.B

The General Assembly may wish to refer the matter of the procurement, installation, repair, warranty coverage, and replacement of the HVAC system installed at the Radcliff Veterans' Center to the Office of the Auditor of Public Accounts and the Office of the Attorney General for review.



Functional Capacity: Capital Projects

Thomson-Hood Veterans' Center Modernization

- Aging and outdated facilities
 - Remodeling from hospital model
 - \$7 million in funding for modernization



Recommendation 2.2

The Kentucky Department of Veterans' Affairs should provide a report to the General Assembly on the current modernization needs associated with the Thomson-Hood Veterans Center. The report should include a review and update on the current capital projects underway and should be provided to the Legislative Oversight and Investigations Committee; the Interim Joint Committee on Veterans, Military Affairs, and Public Protection; and the Legislative Research Commission by October 1, 2026.



Reporting Accuracy And Policy Implications

Improved Reporting Accuracy

- Policy-makers
- Applicants
- Funding and capital project decisions

Policy Implications

- State: New construction requires 80 percent occupancy
- Federal: Reimbursement eligibility requires 90 percent occupancy



Recommendation 3.2

In future legislative reporting, stakeholder communications, and budget submissions, the Kentucky Department of Veterans' Affairs should adopt the policy of reporting functional occupancy rates and functional capacity in addition to total certified occupancy rates and certified capacity.



Recommendation 2.4

The Kentucky Department of Veterans' Affairs should decertify beds at Thomson-Hood Veterans' Center for the resident rooms that have been informally transitioned from double- to single-bed occupancy. The department should report on the progress of decertification to the Legislative Oversight and Investigations Committee; the Interim Joint Committee on Veterans, Military Affairs, and Public Protection; and the Legislative Research Commission by October 1, 2026.



Recommendation 2.8

The Kentucky Department of Veterans' Affairs should decertify beds at Western Kentucky Veterans' Center that have been informally transitioned from double-to single-bed occupancy. The department should report on the progress of decertification to the Legislative Oversight and Investigations Committee; the Interim Joint Committee on Veterans, Military Affairs, and Public Protection; and the Legislative Research Commission by October 1, 2026.

Agency Response to Recommendations Related to Capacity Concerns

Addressing Capacity Limitations and Reporting – Agreed



- Radcliff HVAC Contract Review by AG and Finance Cabinet.
 - Testimony also provided to LOIC.
 - \$16 million provided in 2026 budget for project.
- Report on THVC modernization will be provided to VMAPP.
- Reports on bed decertification at THVC and WKVC will be provided to VMAPP
- Policy adopted for including functional capacity and occupancy in future legislative reports, communications, and budget submissions.



Kentucky Veterans' Centers Staffing: Positions Filled 2018-2025

Year	Filled Positions
2018	70%
2019	74
2020	71
2021	66
2022	54
2023	60
2024	71
2025	72

Source: LOIC staff compilation of data provided by Mark Bowman, executive director, Office of Kentucky Veterans' Centers, Kentucky Department of Veterans' Affairs. Email from KDVA to Shane Stevens, Sept. 16, 2025.

- Total Staff
 - Increased 18 percent since 2022
- State Employees
 - Increased 22 percent since 2022
- Adjusted for Functional Capacity
 - 86 percent of positions filled in 2025



Facility Performance: Staffing

Effective Staffing Incentives Systemwide

- Special entry rates
- Locality premiums

State Employee Staffing Metrics

- From 432 in 2022 to 615 for 2025
- 30 percent increase

Western Kentucky Veterans' Center Staffing

- Persistent staffing challenges may have been overcome
- 2025: 20 percent increase in filled positions
- May require an increase in the personnel cap



Recommendation 3.3

The Kentucky Department of Veterans' Affairs should work with the Kentucky Personnel Cabinet to evaluate whether staffing incentives, in the form of special entry rates and locality premiums, are sufficient or should be expanded for each Kentucky veterans' center region.



Recommendation 2.7

The Kentucky Department of Veterans' Affairs should work with the Kentucky Personnel Cabinet to evaluate if increased locality premiums and special entry rates are warranted, and whether increased personnel limits are justified for positions at the Western Kentucky Veterans Center.

Agency Response to Recommendations Related to Staffing

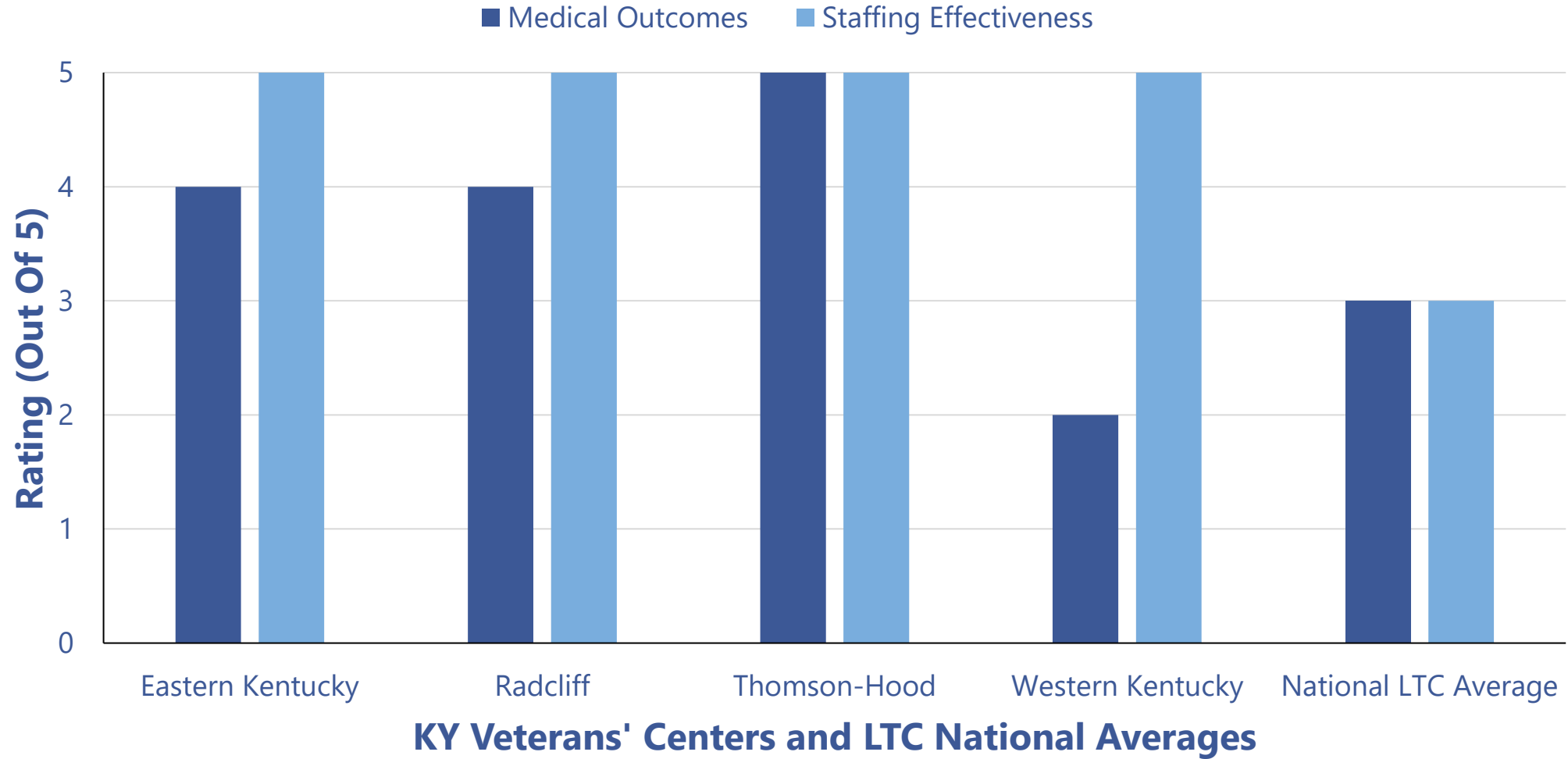
Staffing Recommendations – Agreed



- KDVA and center administrators will review special entry rates and locality premiums by region.
- Western Kentucky review will include whether personnel limits should be increased to address staffing shortages.
- Report on staffing incentives and personnel needs will be provided to VMAPP.



Facility Performance: Quality Of Care



Note: LTC refers to long-term care facilities.

Source: United States. Centers for Medicare and Medicaid Services. "Provider Data Catalog." Web. Accessed November 20, 2025



Targeted Review: Occupancy And Capacity

Are Occupancy Rates Too Low?

Would Increasing Occupancy Increase Revenue?

Is Capacity Limiting Access to Care?

What is Causing Communication Breakdowns?

Are Occupancy Rates Too Low?

-- No --

- Functional Occupancy Rates

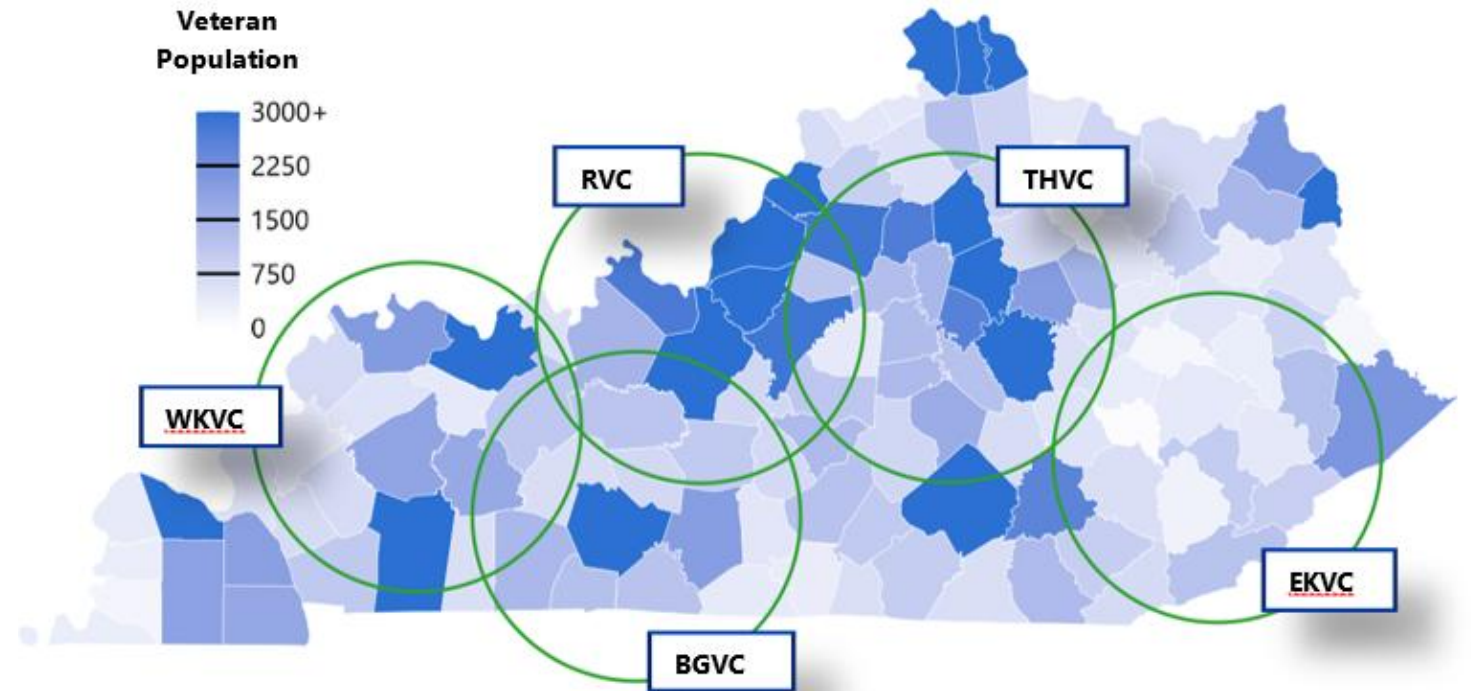
- RVC: **95 percent**
- THVC: **92 percent**
- EKVC : 80 percent
- WKVC: 74 percent

- Functional Statewide Occupancy

- 85 percent

- Current Excess Occupancy

- 68 Beds Statewide
- 30 of which are at WKVC

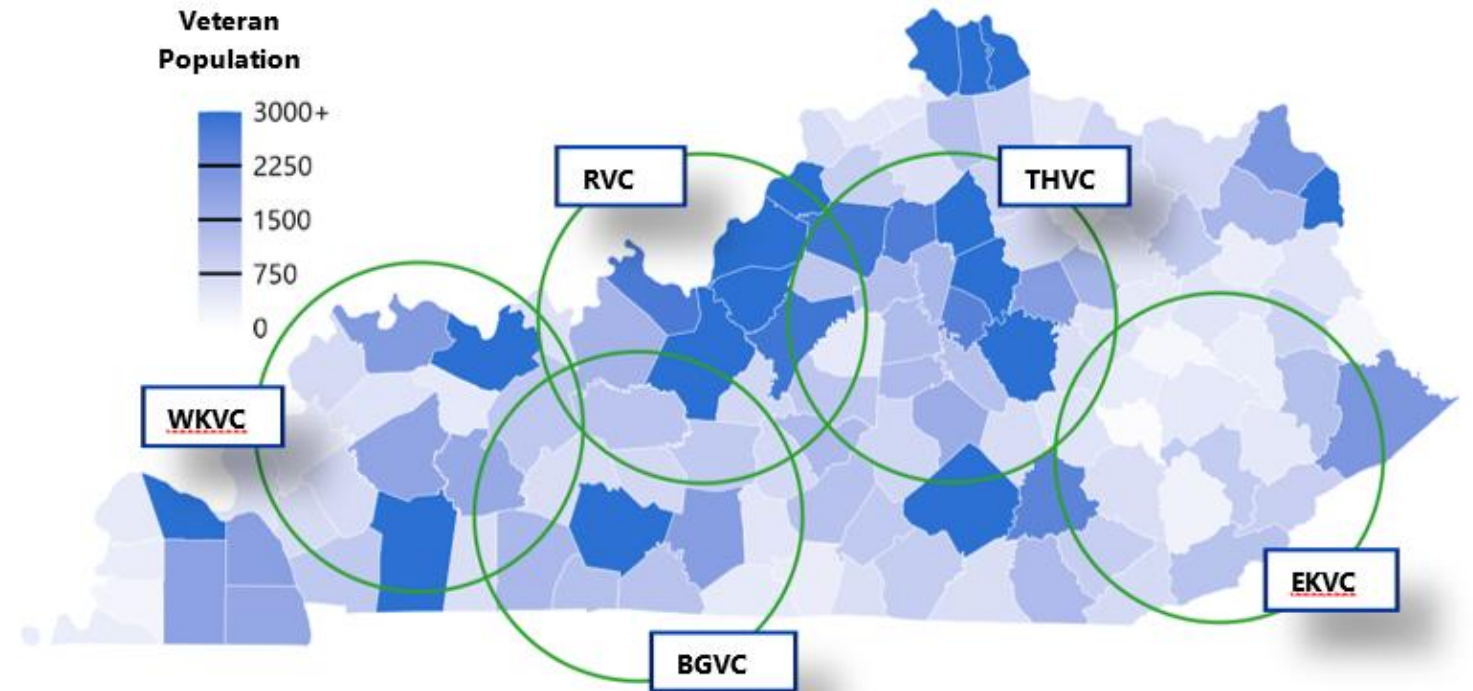


Source: LOIC staff compiled data on veteran population density and veteran facility coverage areas from information provided by the Kentucky Department of Veterans' Affairs and collected from the American Community Survey 5-year Estimates of 2023 from the U.S. Census Bureau.

Are Occupancy Rates Too Low?

-- No --

- Capacity Will Soon Increase
 - Bowling Green Opens
 - 60 additional beds
 - Radcliff HVAC Completion
 - 60 additional beds
- Increasing Capacity Means:
 - Facility expansion
 - New construction
- Geographic Coverage Gaps
 - Northern and Eastern KY



Source: LOIC staff compiled data on veteran population density and veteran facility coverage areas from information provided by the Kentucky Department of Veterans' Affairs and collected from the American Community Survey 5-year Estimates of 2023 from the U.S. Census Bureau.



Recommendation 2.6

Prior to new construction or facility expansion decisions, the Kentucky Department of Veterans' Affairs should conduct a new statewide veterans' center location feasibility study to evaluate the need for future facility construction or expansion. The study should account for the opening of the two most recent veterans' centers and account for the potential impact of transitioning all state veterans' centers to single-occupancy room configurations.



Would Increasing Occupancy Increase Revenue?

-- No --

Revenue Does Not Cover Cost of Care

- Mixes of small and large revenue sources result in an average that does not fully cover cost

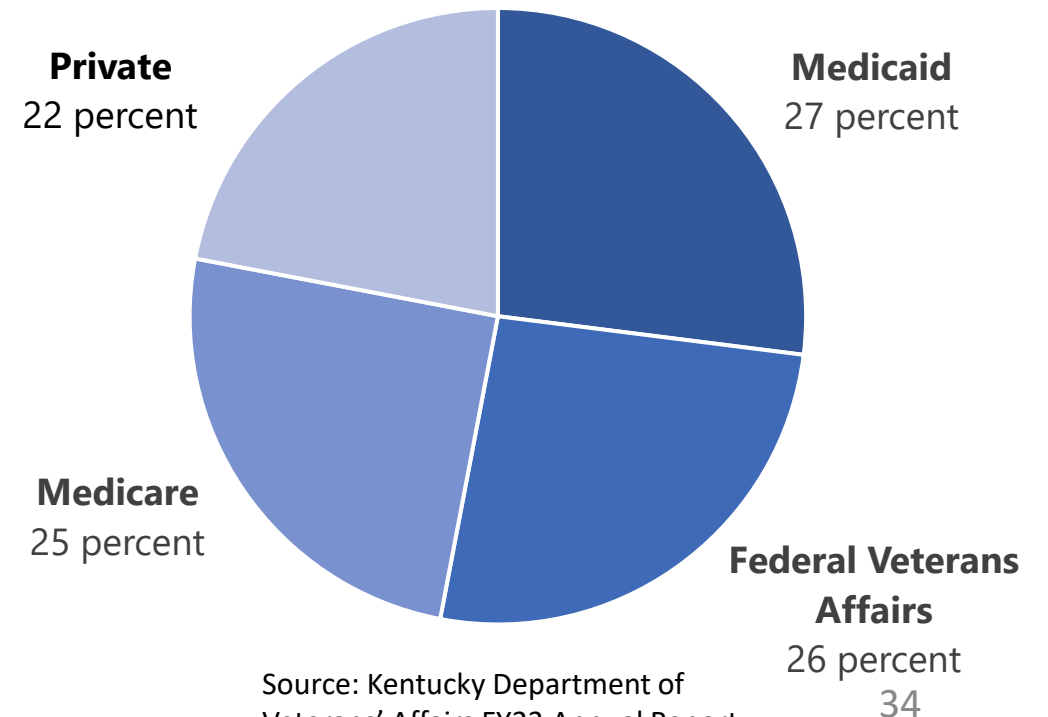
Federal Revenue

- Basic Rate (\$144/day)
- Prevailing Rate (\$513/day)
- CMS Reimbursement(\$762/day)

Private Pay Revenue

- Out-of-Pocket Payments (\$166/day)
 - Capped by State

KY Veterans Center Payor Sources 2025



Cost Of Care For Kentucky Veterans Exceeds Revenue



Occupancy	Residents	State Cost
Occupancy as of May 2025	378	\$22M
Residents needed to reach full occupancy	188	\$11M
Cost at maximum capacity	566	\$33M

Note: Table shows average cost of care and revenue per resident.

Source: LOIC staff compilation of data provided by Mark Bowman, executive director, Office of Kentucky Veterans' Centers, Kentucky Department of Veterans' Affairs. Email from KDVA to Shane Stevens, Sept. 16, 2025.

Small Revenue Incentives: Bed-Hold Reimbursements

Federal bed-hold reimbursements

- Estimate: \$950,000/year
- Modest in the context of total revenue and cost to state

Cost–benefit tradeoff

- \$950,000 in reimbursement requires \$8 million in additional state support

Currently impossible to qualify

- Must decertify unused beds
- One facility would likely immediately qualify



Revenue Increases Come at a Cost

No ideal options for revenue neutrality

- **Reducing quality of care**
 - Lower staff to patient ratio / fewer treatments
- **Raise private pay cap**
 - Currently \$60,000/year
- **Prioritize payment source in admissions**
 - Medicaid > VA > Private pay
- **Prioritize low acuity in admissions**
 - Deny veterans with significant care needs



Matter for Legislative Consideration 3.A

If it is the intent of the General Assembly to increase the number of veterans cared for at Kentucky veterans' centers, then the General Assembly may wish to plan for increased cost rather than increased revenue.



Agency Response to Recommendations Related to Expansion and Cost of Care

Expansion and Cost Considerations – Agreed



- KDVA agreed to conduct a new statewide location feasibility study before future construction or expansion.
 - Accounting for BGVC, RVC restoration, and single-occupancy transitions.
- KDVA confirmed analysis regarding cost of care.



Is Capacity Limiting Access To Care?

Current demand is inconclusive

- KDVA and veteran center data on demand is poor
 - Inconsistent tracking of admissions decisions
 - Inconsistent management of waiting lists

Needed to fully capture demand

- Formal statewide waiting lists
- Centralized admissions decision tracking

Preliminary indicators of demand

- Staff review of admissions logs
- Veteran demographics



No Tracking Of Waiting Lists

No formal or standardized waiting list system

- Facilities maintain informal internal lists
- Lists combine veterans at different stages of interest, review, and admission

Implications for oversight, operations, and communication

- Limits reliable evaluation of demand
- Complicates admissions and capacity decision-making
- Reduces clarity and consistency in applicant communication

Recommendation 4.1

The Kentucky Department of Veterans' Affairs should promulgate an administrative regulation that defines and establishes procedures for tracking and managing veterans' admissions waiting lists. The regulation should distinguish three types of waiting lists—an active list, to include applicants awaiting admission due to capacity constraints or pending clinical evaluations related to acuity or behavioral health; an interest list, to include individuals who have expressed interest in future placement; and a processing list, to include applicants who have been approved and are preparing for admission. The administrative regulations should be promulgated by October 1, 2026.

Inconsistent Admissions Management

Needed Improvements to Admissions

- Admissions data are inconsistent and incomplete
- Denials and deferrals are not documented uniformly
- No systemwide procedures

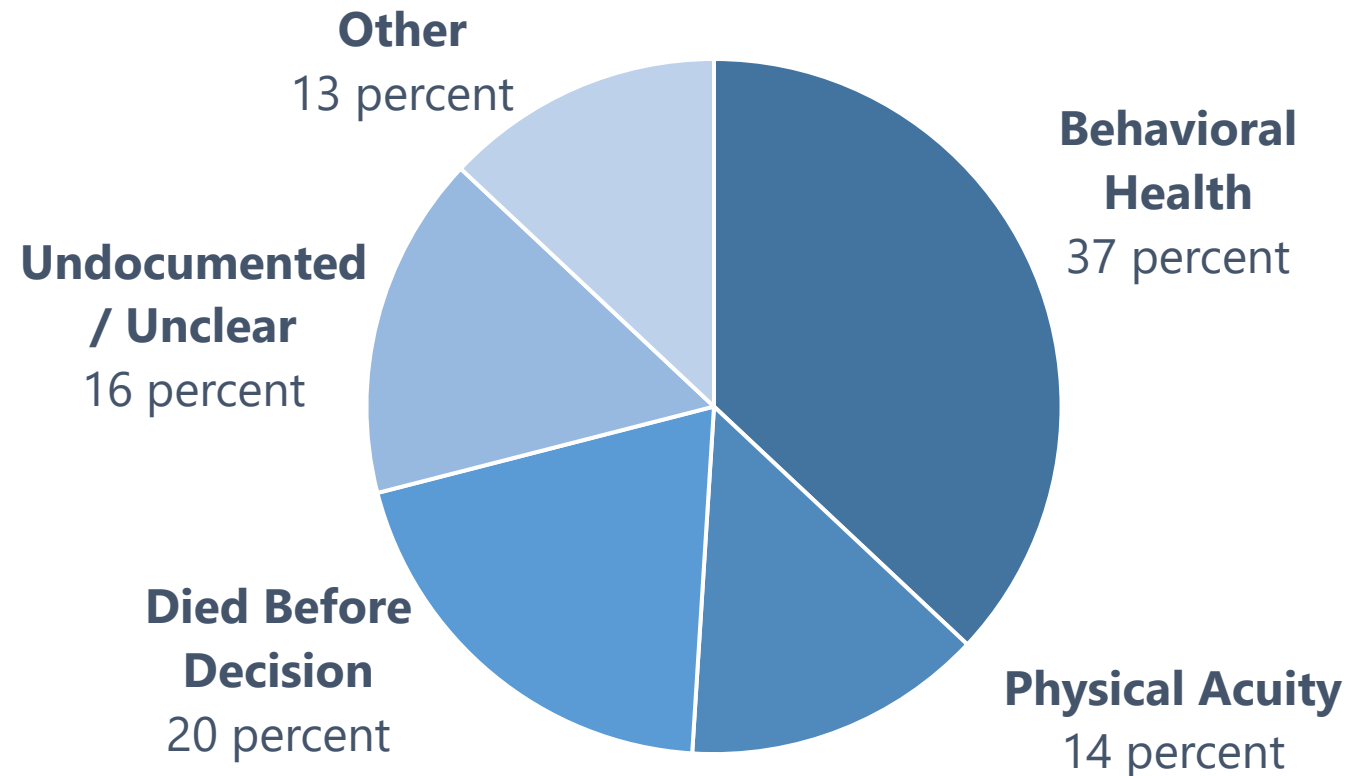


Recommendation 4.4

The Kentucky Department of Veterans' Affairs should improve, formalize, and standardize its data collection, management, and analysis practices related to admissions decisions and waitlist management. As part of this effort, the department should develop a standardized, systemwide database that records admissions decisions using consistent evaluation criteria that captures full case histories. The department should centralize this process within the Office of Kentucky Veterans' Centers and report to the Legislative Oversight and Investigations Committee on the progress of this effort by October 1, 2026.

Admissions Data Are Incomplete but Point to Clinical Constraints

- Less than 1 percent
 - Documented as due to Capacity
- 16 percent:
 - Undocumented
- 51 percent:
 - Behavioral health and physical acuity



Behavioral Health Care And Physical Acuity Constraints On Admissions

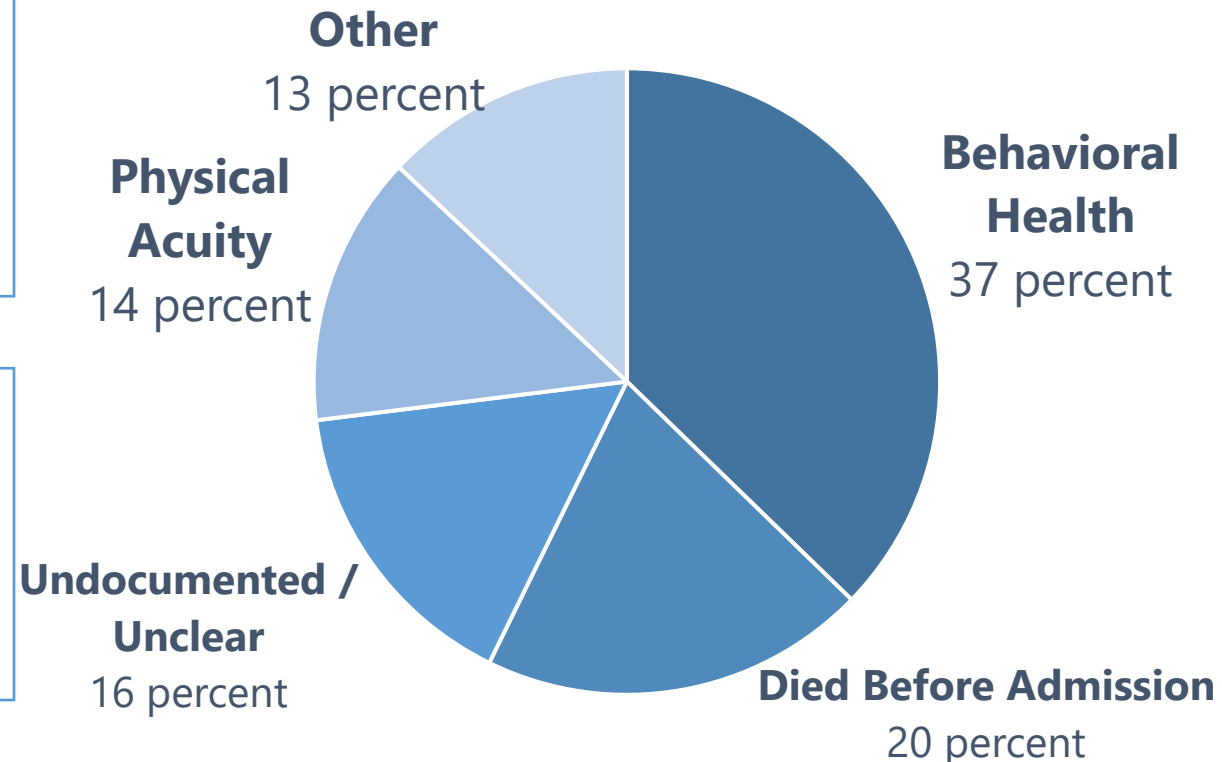
Primary driver of admissions denials

- Higher acuity limits the number of residents
- Acute medical care exceeds long-term care design
- Behavioral health needs can often only be accommodated safely in secured units

No alternative facilities

- Limited geriatric psychiatric capacity statewide
- No dedicated state option for placement
- Transfers are difficult or impossible even when necessary

Increasing systemic problem



Source: LOIC Staff analysis of KDVA Admission Data. Provided to the Legislative Oversight and Investigations Committee on August 18, 2025.



Recommendation 4.2

The Kentucky Department of Veterans' Affairs should report to the General Assembly on the scope and impact of the behavioral health challenges facing Kentucky veterans and Kentucky veterans' centers. The report should be provided to the Legislative Oversight and Investigations Committee; the Interim Joint Committee on Veterans, Military Affairs, and Public Protection; and the Legislative Research Commission by October 1, 2026.



Recommendation 4.3

In its next budget request, the Kentucky Department of Veterans' Affairs should request funding for a study to investigate solutions to care for veterans with behavioral health challenges.

Kentucky's Veteran Population

At-Risk Veteran Population

- Over 65 with a disability and in poverty

At-Risk Population in Kentucky (2024)

- 5052 veterans

	Veteran Population	At-Risk Population
% Change 2010 - 2024	-29%	+25%

Source: Staff compiled data from the United States Census Bureau's American Community Survey. "Age By Veteran Status By Poverty Status By Disability Status"



Agency Response to Recommendations Related to Admissions and Waiting Lists

Admissions and Waiting Lists Improvements - Partial Agreement



- Agreed: Admissions and waitlist processes need improvement.
- Waitlist Revised approach: KDVA expressed concern with rigid waitlist categories and is piloting a more flexible process.
- Admissions Database: KDVA is finalizing a systemwide admissions and waitlist database.
- Progress Report to VMAPP: Oct. 1, 2026.



Agency Response to Recommendations Related to Behavioral Health Challenges

Research and Reporting on Behavioral Health Challenges - Agreed



- KDVA agreed to report on behavioral health challenges.
- KDVA has requested funding for a more comprehensive study.



Communication: With Applicants And Policy-Makers

Better Applicant Communication

- Standardized communications
- Documented decisions
- Emphasis on communicating behavioral and physical care limits

Applicant Appeals Process

- Fairness and transparency
- Improved communication with applicants
- Better oversight for KDVA

Annual Legislative Reporting

- Consistent communication of occupancy, capacity, admissions, and capital projects



Communication With Applicants

Better Applicant Communication

- Standardized communications
- Documented decisions
- Reporting functional capacity
- Emphasis on communicating behavioral and physical care limits



Recommendation 4.5

The Kentucky Department of Veterans' Affairs should promulgate an administrative regulation establishing a standardized, systemwide process for communicating admissions decisions across all Kentucky veterans' centers. This regulation should specify the information that must be communicated to applicants in each case and ensure that facilities provide this information in a consistent manner. The administrative regulation should be promulgated by October 1, 2026.



An Appeals Process for Applicants

Applicant Appeals Process

- Fairness and transparency
- Improved communication with applicants
- Better oversight for KDVA



Recommendation 4.7

The Kentucky Department of Veterans' Affairs should establish a formal appeals process for veterans who have been denied admission or deferred for longer than 90 days. The specific structure and administrative procedures for the process should be developed at the discretion of the Kentucky Department of Veterans' Affairs and the Office of Kentucky Veterans' Centers. However, the process should, at a minimum, create a single, centralized mechanism through which any applicant may appeal a denial or an extended deferral; and include participation from facility administrators and the executive director of the Office of Kentucky Veterans' Centers. The department should promulgate the appeals process in administrative regulation by October 1, 2026.



Communication With Policy-Makers

Annual Legislative Reporting

- Consistent communication of occupancy, capacity, admissions, and capital projects
- Statutorily mandated with sunset provisions

Recommendation 4.6

The Kentucky Department of Veterans' Affairs should provide the General Assembly with an annual report on the status of the Kentucky veterans' center system. The report should include data on admissions, denials, deferrals, waiting lists, occupancy, certified and functional capacity, and the status of filled staffing positions. This report should be provided to the Legislative Oversight and Investigations Committee; the Interim Joint Committee on Veterans, Military Affairs, and Public Protection; and the Legislative Research Commission by October 1, 2026. It should be provided by the same date annually thereafter.



Matter For Legislative Consideration 4.A

The General Assembly may wish to consider making the annual reporting of data and information related to the admissions, denials, deferrals, waiting lists, occupancy, capacity, and staffing of Kentucky Veterans' Centers statutorily mandated. To prevent this report from being produced after the General Assembly's concerns are resolved, the General Assembly may wish to include a sunset provision.



Agency Response to Recommendations Related to Communication and Appeals

Communication and Appeals Improvements – Agreed

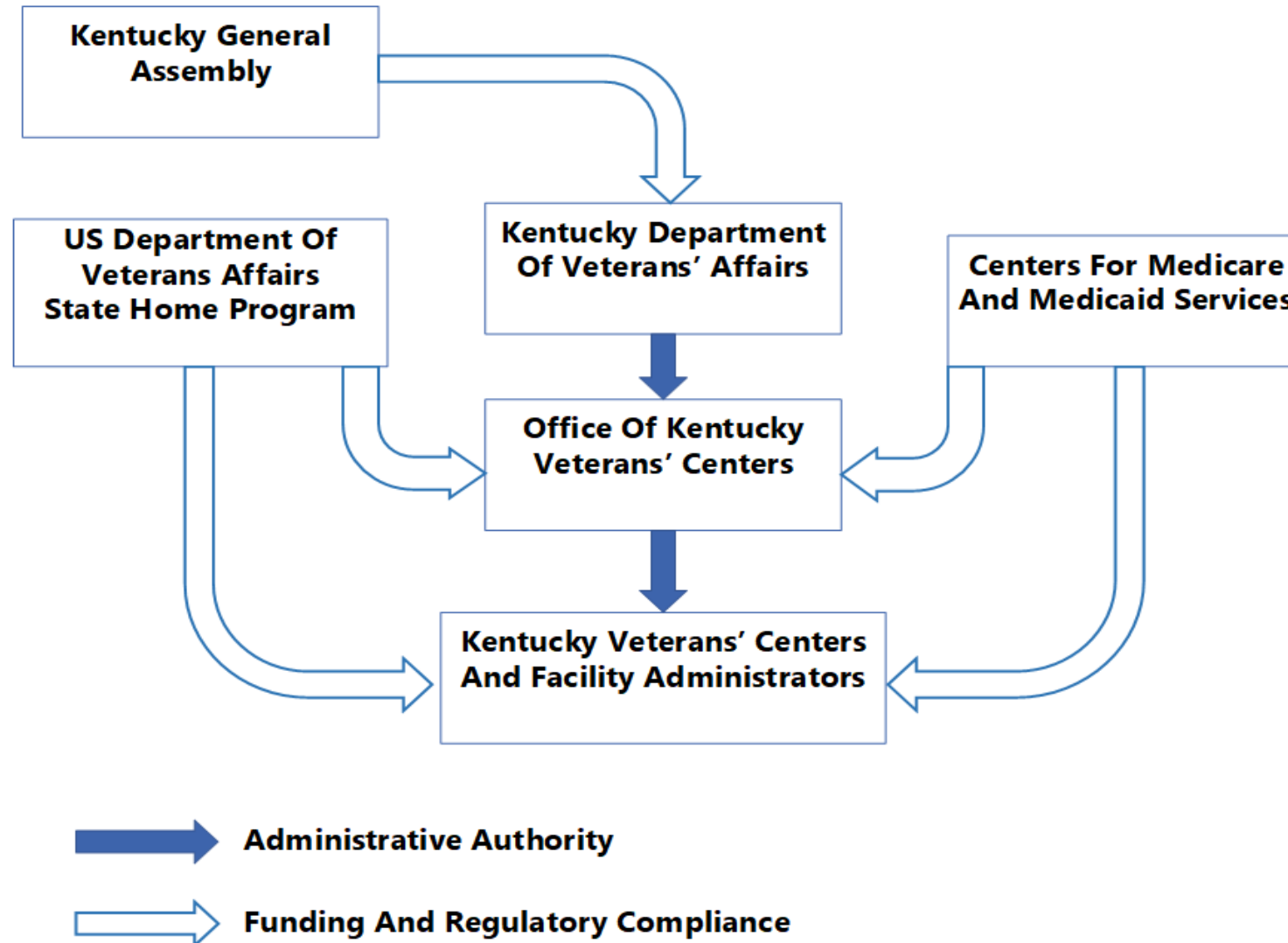


- KDVA has agreed to:
 - Promulgate regulations to establish clearer communication with applicants on admissions decisions.
 - Establish a formal appeals process for denied applicants or extended deferrals.
 - Provide annual reports on admissions, waitlists, occupancy, capacity, and staffing.

Thank You



Governance and Funding Structure



Source: Legislative Oversight and Investigations Committee staff review of KRS 40; 17 KAR Chapter 3; 42 CFR pt. 59; 38 CFR pt. 53; and 38 CFR pt. 51.



Revenue And Funding

KDVA

Appropriation	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
General funds	\$25,810,200	\$26,060,400	\$26,121,400	\$30,092,600	\$31,333,500
Restricted funds	78,964,500	73,788,700	68,075,600	67,154,900	67,003,500
Federal funds	0	2,958,000	500,000	2,433,600	0
Total	\$104,774,700	\$102,807,100	\$94,697,000	\$99,681,100	\$98,337,000

Veterans Centers

Revenue Source	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
Resident care revenue	\$63,050,711	\$53,430,282	\$44,161,970	\$49,841,229	\$61,833,747
Other revenue	19,623,214	23,905,335	20,834,303	29,668,582	26,064,858
Ancillaries	949,053	810,598	677,506	719,824	772,851
Total	\$83,622,978	\$78,146,215	\$65,673,779	\$80,229,635	\$88,671,456

Bed-Hold Reimbursements

Bed-Hold Reimbursement:

- Payments during hospital visits when facilities meet occupancy thresholds.
 - VA: 90% occupancy = 100 percent reimbursement
 - CMS: 95% occupancy = 75 percent reimbursement

Bed-Hold Reimbursements

- Could provide a small amount of additional revenue.

VA Bed-Hold Revenue Estimate

VA prevailing rate per diem 2025	\$513/Day
Average hospitalization rate	25%
Maximum hospitalization days	10 days
VA bed-hold revenue estimate	\$650,000/year
CMS Bed-Hold Revenue estimate	\$300,000/year
Total Bed-hold revenue estimate	\$950,000/year

Source: LOIC staff analysis of data on Kentucky veteran center occupancy and capacity.
 Provided to staff on August 18, 2025

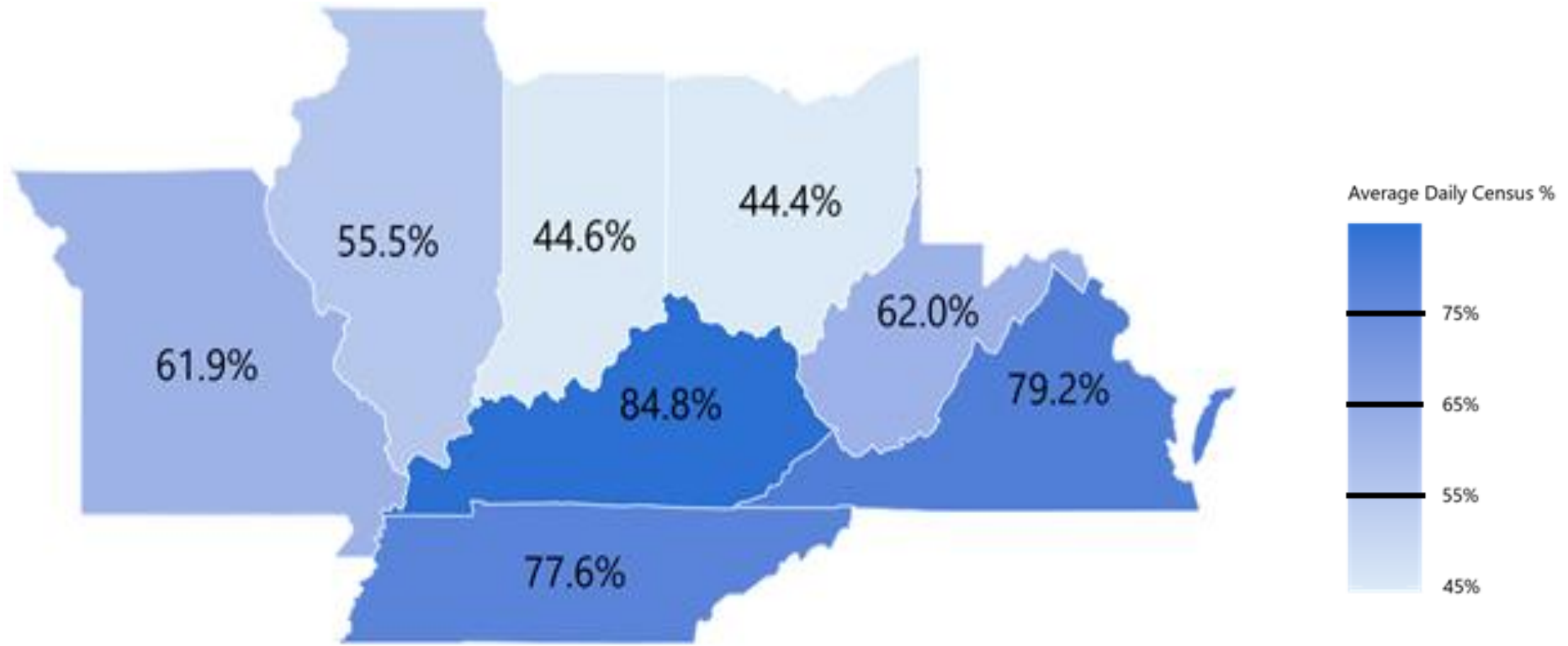


Basic Vs. Prevailing Rate

- Basic Rate: \$144
 - All Veterans
- Prevailing Rate: \$513
 - Service Connected Disability
 - High Acuity

Facility	Prevailing Rate Per Diem
Thomson-Hood Veterans Center	\$532.60
Eastern Kentucky Veterans Center	491.95
Radcliff Veterans Center	536.00
Western Kentucky Veterans Center	491.95
Average	\$513.13

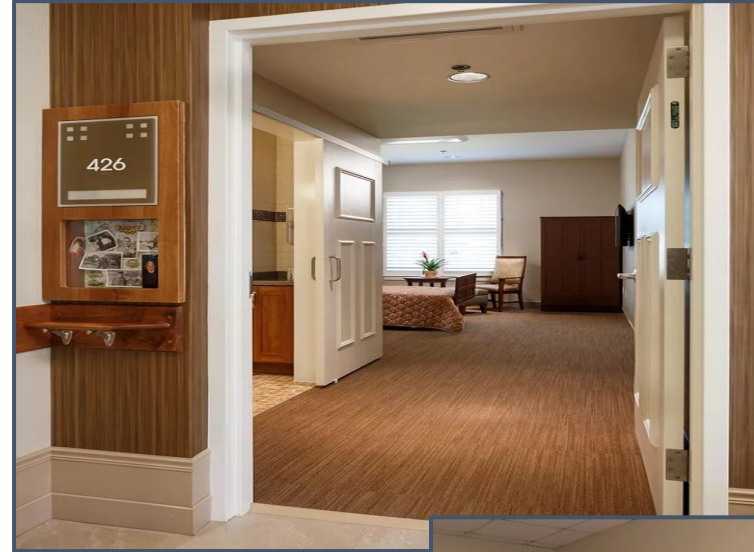
Regional Comparison: Occupancy Rates



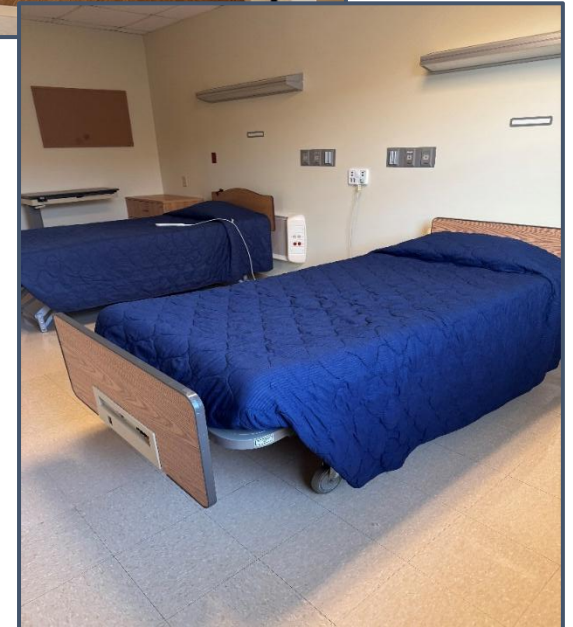
Medical Vs. Residential Models



Medical



Residential



Single Vs. Double-Occupancy Rooms

Older Double-Occupancy Room



Modern Single-Occupancy Room

