



DEPARTMENT OF VETERANS AFFAIRS

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TO: Interim Joint Committee of the Budget Review Subcommittee on General Government, Finance, and Personnel and Public Retirement

FROM: Commissioner Keith Jackson

DATE: September 16, 2020

SUBJECT: Report on the impact of Coronavirus Disease (COVID-19) on Kentucky Department of Veterans Affairs (KDVA) Operations

1. Veterans Centers Update:

a. Two of the four State Veterans Homes are pleased to announce they have had no veterans test positive for COVID-19. Unfortunately, the Paul E. Patton Eastern Kentucky Veterans Home in Hazard had 10 veterans test positive in August. We regret to report that two of those honored veterans have since passed away, both with multiple co-morbidities. On September 12th the Thomson Hood Veterans Center in Wilmore had 1 veteran test positive. He was moved to the COVID + unit and continues to be asymptomatic. Each facility is currently being tested on a routine basis in accordance with the Centers for Medicare and Medicaid Services guidelines and requirements based on community positivity ratings.

b. Since the declaration of the state of emergency in March, KDVA has had 18 staff members test positive, two of which, after immediate re-testing were found to be negative. Out of those employees 13 have returned to work, four remain in quarantine until medically cleared, and one staff member resigned prior to returning to work. (See Table 1 below).

Resident Tests	Positive	Negative	Pending		Staff Tests	Positive	Negative	Pending
1243	11	1232	0		4066	18	4038	10

Table 1 – COVID-19 Testing Results as of September 14, 2020

c. One of the unfortunate by-products of this pandemic has been a restriction on visitation. However, each facility has found creative ways to help families keep in touch with their loved ones, understanding that this is such a critical part of their lives. The veteran centers use



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iPads, phones, and Plexiglas visitation stations constructed by our staff. KDVA is preparing for modified visitation based on each facility's community infection rate and stabilization.

d. Regarding access to our state veterans' homes, admissions are still on hold at all State Veteran's Centers. Due to an abundance of caution, we are analyzing each facilities community positivity rate, staffing and Personal Protective Equipment (PPE) resources in order determine when to restart admissions.

e. Overall KDVA's veteran's centers experienced a 13% decrease in census since February 2020, dropping from 77% to 64%. Individual facility census is provided below:

- **Eastern Kentucky Veterans Center in Hazard** – dropped from a census of 114 in February to 91 residents in September for a 76% occupancy rate.
- **Radcliff Veterans Center in Radcliff** – dropped from a census of 73 in February to 61 residents in September for a 51% occupancy rate.
- **Western Kentucky Veterans Center in Hanson** – dropped from a census of 90 in February to 73 residents in September for a 47% occupancy rate.
- **Thomson-Hood Veterans Center in Wilmore** – dropped from a census of 153 in February to 135 residents in September for a 47% occupancy rate.

f. As part of the U.S. Department of Veterans Affairs (USDVA's) response to the COVID-19 pandemic, they expanded telehealth opportunities and created easier pathways to obtain the required agreements for those services. For the veteran population that we serve, that means – no need to travel, which can be very difficult for many veterans; increased safety and welfare during the pandemic; decreased cost, and; reduced staffing demands for drivers and nursing staff to accompany veterans to their appointments. Status of telehealth agreements and services for KDVA's veterans centers:

- **Eastern Kentucky Veterans Center** – an agreement is in place with the VA Medical Center in Lexington, using available services.
- **Western Kentucky Veterans Center** – we are working with the VA Medical Center in Marion, IL on establishing an agreement.
- **Radcliff Veterans Center** – an agreement is in place with the VA Medical Center in Louisville, using available services.
- **Thomson-Hood Veterans Center** – an agreement is in place with the VA Medical Center in Lexington, using available services.

g. KDVA has applied for a construction grant for four storage buildings to house PPE and supplies to prevent and mitigate COVID-19 as well as other outbreaks and disasters. The

total project cost is estimated to be **\$1,837,620** for the four storage buildings. This grant will leverage a 65% federal match (\$1,194,453) and a state share of 35% (\$643,167).

h. Key Points:

- 1) Two facilities have had zero veterans test positive.
- 2) Only 18 staff members have tested positive out of the 4,066 tests conducted (0.44%).
- 3) Shift-by-shift health screening started immediately for all employees back in March and has continued.
- 4) Visitation was restricted very early on and is still in effect, either due to the 28-day wait period recommended by the Cabinet for Health and Family Services following the latest staff positive test or local community positivity rates.
- 5) Staffing has remained relatively stable. Most lost days are due to our aggressive testing and return to work policy for employees.
- 6) PPE and supplies have been sufficient, but very difficult and expensive to secure.
- 7) The Kentucky Health Department, the Cabinet for Health and Family Services, the Office of Inspector General, local health departments and our USDVA partners have been a tremendous resource and support during this pandemic.
- 8) Norton Health Care's testing program conducted our global surveillance testing and proved to be an amazing team, professional, efficient and supportive. We currently use the Polymerase Chain Reaction (PCR) serum test.
- 9) Daycare service were provided for children of our nursing home staff at no cost to our employees during the mandated shutdown of daycare facilities, thus ensuring a more stable work force serving our veterans.
- 10) Each facility received a special Infection Control Survey by the Office of Inspector General as well as audits by the Centers for Disease Control, which resulted in no deficiencies or citations.
- 11) Each facility has maintained its *5-star* rating throughout the pandemic.

2. Benefits Branch Update:

a. COVID-19's most immediate impact was the elimination of face to face contact with veterans and family members since March. This necessitated a significant change in the way we communicate and gather evidence and prepare benefits claims. Since all our Benefits

Representatives have the ability to operate remotely, it was an easy task to shift to operating from home, however this presented many challenges. The shift to having records and forms exchanged exclusively via email and fax-to-mail was simple for our younger and more tech-savvy veterans, but proved difficult for older veterans. Some have family members checking on them periodically that were able to lend a hand, some were able to use cell phones to photograph and text documents, and for the rest we had to revert to old fashioned snail mail via the U.S. Postal Service. This hurdle led to a reduction in the number of claims that we were able to submit per month.

b. In addition, the transfer of 13 Field Representatives and two Regional Administrators to the office of Unemployment Insurance (UI) had a profound impact on our ability to serve our veterans and generate claims.

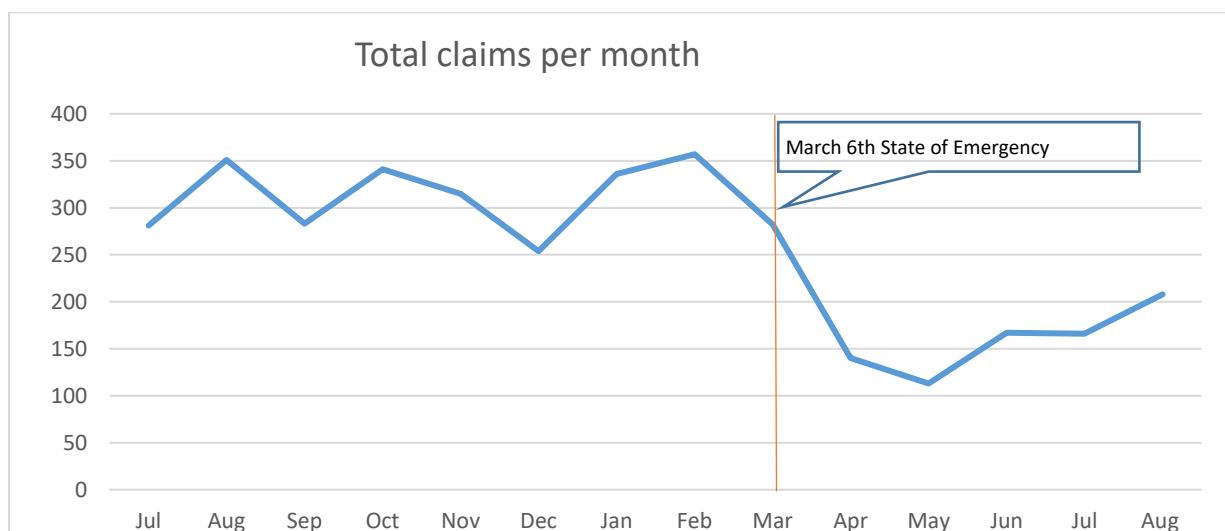


Table 2 - Total USDVA Claims Submitted per Month

c. By April, the number of claims submitted to the USDVA each month declined by two-thirds of KDVA's normal claims output (Refer to Table 2 above). This was due to the requirement to work remotely, the reduced number of representatives available to prepare claims, the technical challenges in exchanging documents, and the sheer volume of telephone calls that the remaining staff of seven including the Branch Manager were called upon to return. All of the telephones for the 13 UI detailed field representatives were forwarded to teammates that stayed with KDVA. Five of our detailed Field Representatives were returned in mid-July, which accounts for the uptick in the number of claims submitted. Despite KDVA's efforts to have the rest of our employees returned to KDVA, eight Field Representatives and one Regional Administrator remain detailed to the Labor cabinet to assist with UI claims and are not expected to be returned to KDVA until mid-November 2020.

d. In terms of financial impact on the Commonwealth, KDVA saw a dramatic drop in the rate of increase in the running awards to the veterans we represent. Money from the USDVA comes via four income streams, Service Connected Compensation, Non-service Connected Pension, Dependency and Indemnity Compensation and the Improved Death Pension. Of the \$33.22 million in current monthly income from the USDVA for the veterans KDVA

represents, \$28.45 million comes from service connected compensation. Since May we have seen a \$110, 000 drop in total monthly compensation awards. However, more significant is the lost opportunity for continued growth we normally see each month. We would have reasonably expected the total amount of compensation to continue to grow if we had been able to maintain our normal volume of claims submissions. Based upon the normal monthly increase we saw prior to COVID, we would have expected the monthly running awards for June, July and August to have been at least \$500,000 higher. This is federal money that did not reach veterans that we were unable to assist due to the reduced capacity to process these compensation claims.

e. Finally, the reduction in workforce has created delays and a backlog of fully developed claims being filed. Although a VA Form 21-0966 (Intent to File a Claim for Compensation and/or Pension, or Survivors Pension and/or DIC) is usually filed during the first veteran engagement with a Field Representative, a fully-developed claim can take hours or days of research and preparation. The intent-to-file process allows KDVA and the veteran additional time to collect all of the information needed to support their claim while protecting the earliest possible effective date for any award of benefits or increased benefits resulting from the claim. The date the Veterans Benefit Administration (VBA) receives the VA Form 21-0966 will be protected as their claim effective date as long as the application is completed and submitted within 1 year. While the effective date of the claim is protected, the consequence of this waiting period is a delay in potential compensation being awarded to the veteran.

3. Cemetery Operations Update:

a. On March 20, 2020, consistent with the Governors stay at home executive order and pending guidance from the National Cemeteries Administration, KDVA sent out a *Direct Interments Only Order* to all Kentucky State veterans Cemeteries. This directive temporarily halted committal services and the rendering of military funeral honors, whether by military personnel or volunteer organizations, until further notice and mirrored the same actions taken at VA national cemeteries. Immediate family members (limited to no more than 10 individuals) were allowed to witness the interment of their loved one from a safe distance if desired, but no services were performed. There is no service involved with witnessing an interment.

b. As the Commonwealth transitioned from 'Healthy at Home' to 'Healthy at Work', KDVA's cemeteries did the same beginning on June 1st with a phased transition plan to return to providing full interments, including memorial services, and military funeral honors. Working in coordination with funeral and memorial service providers, and Veteran Service Organizations all partners were required to follow Kentucky's *'Healthy at Work Minimum Requirements for all Entities'* guidelines and the industry specific guidance Funeral and Memorial Services. In addition, Cemetery staff are required to follow Personnel Protective Equipment guidelines. To ensure each veteran interred during the direct interment period between March 23rd and June 1st receives the military honors deserved, each of the veteran's next of kin has been contacted and offered the opportunity to have a military funeral honors ceremony for their veteran. Four of our five state veteran's cemeteries have completed most of those military honors services. The Kentucky Veterans Cemetery in Radcliff is in the process of setting up a combined military honors service with Fort Knox. This service will be held on Veterans Day, November 11, 2020. The Cemetery staff are still talking with families

to see how many would like to be a part if that combined honors service. There are about 65 veterans that could potentially be honored during this military honors service.

4. State Programs Update:

a. As part of the KDVA’s response to the COVID-19 pandemic, our state-wide Veteran Program Administrators expanded their individual and collective missions to assist veterans and their families affected by the pandemic by streamlining processes to obtain services and resources offered by KDVA and other local, state and federal agencies.

- 1) The Kentucky Veterans Employment, Training, and Services (KyVETS) program administrator immediately established liaison with the Cabinet for Health and Family Services, and later the Labor Cabinet, to assist with the most difficult UI issues affecting veterans and their spouses.
- 2) The Women Veterans Program was expanded to include Family Assistance and Suicide Prevention. To enhance these efforts, the Women Veterans Program Administrator established frequent and regular liaison with VA Medical Centers serving Kentucky’s veterans and was certified in Question/Persuade/Respond (QPR) training for Veteran Suicide Prevention.
- 3) The Homeless Veterans Program mission saw significant changes in the needs of Kentucky’s veterans and their families starting in March 2020.
 - i. Food insecurity was identified as an early issue following business closures and stay-at-home mandates. As a result, KDVA’s Veterans Program Administrators met with God’s Pantry executives via videoconference in early March 2020 and collaborated on how to streamline assistance and share resources for veterans and their families with food insecurity in partnership the VA Federal Medical Centers and other organizations such as FeedingKY.org.
 - ii. KDVA’s Homeless Veteran program expenditures decreased immediately following the suspension of evictions issued by the Governor on March 25, 2020. Pre-COVID-19 referrals from partners such as VA Medical Centers, Volunteers of America and other Support Services for Veterans and Families (SSVF) programs totaled 65% of claims paid from this program’s fund. However, starting in April 2020, other federally funded resources became available and the amount of claims paid from the Homeless Veterans Trust Fund dropped by an average of 56% as seen in table 3 below. As a result, this fund remains adequate to address current needs; however, the long-term impacts of cumulating renter and utility debt remains unclear. KDVA continues to assist veterans and their families to find adequate local, state, and federal resources to address this looming issue.

February	March	April	May	June	July	August
\$10,493.92	\$10,132.38	\$3,670.00	\$4,360.21	\$3,220.09	\$4,752.46	2,976.70

Table 3 – Homeless Veterans Trust Fund expenditures per Month

b. Today, as in the past, the State Programs team continues to look for new or expanded resources and programs to assist Kentucky's veteran population in order to provide the full spectrum of "Wrap Around" services for every veteran or family member requesting assistance.

5. CARES Act Funds:

a. During the past four months, KDVA received **\$3,938,405** from the federal government in three separate Medicare distributions from various Provider Relief Funds of the Coronavirus Aid, Relief, and Economic Security (CARES) Act. All funds are provided with specific instructions regarding their use to which KDVA is strictly adhering. Specifically, these funds are intended to boost payments for hospital, physician, nursing home, home health, and other care. The guiding principles regarding the use of all Provider Relief Funds are *"The recipient certifies that the Payment will only be used to prevent, prepare for, and respond to coronavirus, and that the payment shall reimburse the recipient only for health care related expenses or lost revenues that are attributable to coronavirus."*

- 1) The first General disbursement of **\$1,008,455** for healthcare facilities occurred in April and was based on **2% of KDVA's 2018 filed Medicare cost** report.
- 2) The second disbursement of **\$1,902,500**, occurred in May. Specifically intended for Skilled Nursing Facilities, this funding was based on a flat rate of **\$50,000** per facility and **\$2,500** per certified bed. These funds were provided to healthcare providers to ensure adequate medical care to the most at risk population in America against COVID-19 and to help **offset lost revenues** that are attributable to the disease.
- 3) The latest disbursement of **\$1,027,450**, occurred in August intended specifically for nursing homes to support increased testing, staffing, and PPE needs and Infection Control. Disbursements from this fund may *only be used to reimburse the recipient for costs associated with administering COVID-19 testing; reporting COVID-19 test results to local, state, or federal governments; hiring staff responsible for infection control activities – whether employees or independent contractors – to provide patient care or administrative support; expenses incurred to improve infection control, including activities such as implementing infection control "mentorship" programs with subject matter experts or changes made to physical facilities; providing additional services to residents, such as technology that permits residents to connect with their families if the families are not able to visit in person; and for the purchase of technology to mitigate social isolation* (the formula for this award is \$10,000 per building plus the product of the number of beds multiplied by \$1,450).

b. To date, KDVA has expended **\$1,999,955** of these federal funds for reimbursement of COVID-related expenses, loss of revenue, and infection control; and obligated the remaining **\$1,938,450** for similar COVID-related expenses.

c. These CARES Act federal funds have been instrumental to support Kentucky's four Veterans Nursing Homes by providing economic assistance through the Provider Relief Fund,

Skilled Nursing Facilities Relief Fund, and Infection Control Fund helping us to furnish needed care to affected patients.

d. The U.S. Department of Health & Human Services plans to distribute another \$2 billion to nursing homes later this fall based on certain performance indicators that will be shared in the future.

6. FY20 Budget Reduction Fiscal Impact:

a. In response to the Governor's FY20 Budget Reduction request in April, the Department of Veterans Affairs put in place several fiscal policies and returned General Funds in the amount of **\$262,641**. We accomplished this with the following actions:

- 1) Restricted personnel hiring unrelated to responding to the coronavirus public health emergency;
- 2) Restricted employees from working overtime unless related to coronavirus response;
- 3) Ceased all discretionary spending that was unrelated to responding to the coronavirus public health emergency. Specifically, the Cemeteries, Field Operations, and Commissioner's Office (CFOC) reduced its operating expenses by restricting employee travel resulting in reducing vehicle maintenance costs and fleet mileage overages. In addition, CFOC incurred a cost savings of nearly **\$68,000** as a result of reduced training, administrative costs, and billing obligations to existing contracts with Brain Injury Alliance of Kentucky, Epilepsy Foundation of Kentuckiana, and Veteran Service Organizations.
- 4) And finally, KDVA used the staff vacancy credits accumulated as a result of staff shortages at the Veterans Centers.

b. Overall, the fiscal impact of the FY20 budget reduction actions did not diminish services KDVA provides. The impact on potential FY21 budget reductions is yet to be determined; however, the most likely impact to CFOC will be in the form of unfilled vacancies until the end of the fiscal year, and to our veteran centers in the form of delayed execution of some capital projects.