A REPORT
TO THE
**ARIZONA LEGISLATURE**

Performance Audit Division

Performance Audit

# Arizona Department of Veterans' Services—
## Veteran Home

July • 2011
REPORT NO. 11-06

**Debra K. Davenport**
Auditor General

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STATE OF ARIZONA
OFFICE OF THE
**AUDITOR GENERAL**

DEBRA K. DAVENPORT, CPA
AUDITOR GENERAL

MELANIE M. CHESNEY
DEPUTY AUDITOR GENERAL

July 18, 2011

Members of the Arizona Legislature

The Honorable Janice K. Brewer, Governor

Col. Joey Strickland, Director
Arizona Department of Veterans' Services

Transmitted herewith is a report of the Auditor General, *A Performance Audit of the Department of Veterans' Services—Veteran Home*. This report is in response to a November 3, 2009, resolution of the Joint Legislative Audit Committee. The performance audit was conducted as part of the sunset review process prescribed in Arizona Revised Statutes §41-2951 et seq. I am also transmitting within this report a copy of the Report Highlights for this audit to provide a quick summary for your convenience.

As outlined in its response, the Department of Veterans' Services agrees with all of the findings and plans to implement all of the recommendations.

My staff and I will be pleased to discuss or clarify items in the report.

This report will be released to the public on July 19, 2011.

Sincerely,

Debbie Davenport
Auditor General

Attachment

2910 NORTH 44th STREET • SUITE 410 • PHOENIX, ARIZONA 85018 • (602) 553-0333 • FAX (602) 553-0051

STATE OF ARIZONA
OFFICE OF THE
AUDITOR GENERAL

# Arizona Department of Veterans' Services—
Veteran Home

REPORT
HIGHLIGHTS
PERFORMANCE AUDIT

## Our Conclusion

The Arizona Department of Veterans' Services (Department) operates a nursing home for Arizona veterans and their spouses. Although the Veteran Home (Home) is supposed to be self-sustaining, between fiscal years 2008 and 2010, the Home operated at a loss. With improvements in management, the Home is currently self-sustaining, although financial risks remain.

2011

July • Report No. 11-06

## Department operates nursing home for veterans

The Department operates a 200-bed nursing home in Phoenix for Arizona veterans, their spouses, and parents whose children died while serving in the armed forces of the United States. Most residents are male, 75 years of age or older, and are not expected to be discharged from the Home. As of June 29, 2011, 78 percent of the Home's beds were filled.

Source: Photo courtesy of the Arizona Department of Veterans' Services.

## Additional steps needed to ensure self-sufficiency of veterans' homes

**Home not self-sustaining in fiscal years 2008 through 2010**—According to Arizona Revised Statutes §41-603.01, the Home should be self-sustaining, but it operated at a loss between fiscal years 2008 and 2010 and received State General Fund and Veterans' Donations Fund subsidies to support its operations. Two main factors contributed to the need for these subsidies:

- The Department's former director mismanaged the Home's operating funds.
- The Home had poor quality of care. In 2007 through 2009, both the U.S. Department of Health and Human Services Centers for Medicare and Medicaid Services (CMS) and the U.S. Department of Veterans Affairs (VA) found the Home to be in noncompliance with many quality-of-care regulations. Because of the noncompliance, the CMS fined the Department $10,000 and denied payment for new admissions for several weeks. The VA also suspended the placement of veterans in the Home for several months.

As a result of mismanaged resources and poor resident care, the Home's occupancy decreased from 94 percent in fiscal year 2007 to 75 percent in fiscal year 2009. Further, the Home's operating revenues decreased by $1.3 million from fiscal years 2008 to 2009.

**Department has taken steps to improve Home's financial condition**—Since then, the Department has endeavored to improve the Home's financial condition. This included increasing the Home's average daily occupancy to 87 percent in the first three quarters of fiscal year 2011, which is slightly below the break-even census of 177 residents.

Change in Proportions of Residents with Highest and Lowest Payment Rates

| Type | Daily Payment Rate for September 2010 | Percent of Residents July 2009 | Percent of Residents September 2010 |
|---|---|---|---|
| VA service-connected[1] | $316 | 7.3% | 21.4% |
| Medicare | 374 | 2.0 | 6.1 |
| Medicaid | 157 | 73.5 | 56.8 |

[1] Monies received from the VA for certain residents who have disabilities caused or aggravated by their active military service.

The Department has also developed a more balanced payer mix. As illustrated in the table, Medicaid pays the least and Medicare pays the most each day. According to a healthcare financing expert, a nursing home's optimal payer mix has 60 percent or less Medicaid residents while maximizing its Medicare population. As of September 2010, the Home had made significant strides in reaching this optimal mix.

The Home has also improved its quality of care by complying with federal regulations. For example, in 2009, the VA found just 15 instances of noncompliance as compared to 40 instances in 2008.

Finally, the Home has reduced its operating expenditures from about $17.7 million in fiscal year 2008 to nearly $15.3 million in fiscal year 2010. According to a department official, the Home was overstaffed with nurses according to VA guidelines. Although the Home continues to exceed the VA's minimum nurse staffing guidelines because of its high percentage of residents who are disabled and require rehabilitation, it has been able to reduce operating costs by reducing nurse staffing levels.

**Despite improvements, financial risks remain**—In fiscal year 2010, billings for services were not sufficient to completely cover noncapital expenditures. During that time, the Home averaged about $670,000 in cash on hand, enough to cover only 18 days of operations. As of April 2011, the Home had $1.8 million in cash on hand, enough to operate for more than 43 days. The Maricopa Integrated Health System, Maricopa County's Special Health Care District, budgeted for 65 days cash on hand for fiscal year 2011, with a long-term goal of 122 days cash on hand. The Department should continue to increase its cash on hand.

The Department has begun developing fiscal management policies and procedures to monitor quality of service, revenues, expenditures, staffing, and capital expenditures. It should finalize and implement them.

The Department has also reduced its administrative costs from 18.5 percent in fiscal year 2008 to 14.7 percent in fiscal year 2010 and should continue to reduce these costs.

**Ensuring self-sufficiency of future veterans' homes**—The Department is building another veterans' home with 120 beds in Tucson, which is scheduled to open in October 2011. It also has plans to open homes in the Flagstaff, Yuma, and Kingman regions by 2019 based on the VA's projection of the need for additional homes in Arizona.

Funding to construct the Tucson Veteran Home came from approximately $17 million in VA grant monies and $10 million from the State General Fund. One-time startup and operating costs in fiscal year 2012 will be paid by a $1.9 million appropriation from the State General Fund and $4.7 million from the Home for Veterans' Trust Fund. The Department projects that the Tucson Home will be self-sufficient as early as fiscal year 2013. However, national, state, and Phoenix nursing home data suggests that the occupancy projection may be optimistic. Specifically, nursing home occupancy rates have been declining and were less than 84 percent nationally in 2009 and less than 77 percent in Arizona.

## Recommendations

The Department should:

- Ensure that the Phoenix Veteran Home maintains its improved financial condition by finalizing and implementing fiscal management policies and procedures.
- Continue to increase the Home's cash on hand and reduce the Home's administrative and general costs.
- Ensure the self-sufficiency of future veterans' homes by maintaining a high quality of care, maintaining a balanced payer mix, and keeping operating costs and administrative expenditures low.

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## INTRODUCTION

### Scope and Objectives

The Office of the Auditor General has conducted a performance audit of the Arizona Department of Veterans' Services' (Department) Veteran Home (Home), pursuant to a November 3, 2009, resolution of the Joint Legislative Audit Committee. This is the second in a series of four reports to be issued as part of the sunset review of the Department and the Veterans' Services Advisory Commission (Commission) and was conducted as part of the sunset review process prescribed in Arizona Revised Statutes (A.R.S.) §41-2951 et seq. This audit addresses how the existing Phoenix Veteran Home and planned veterans' homes can comply with Arizona Revised Statutes (A.R.S.) §41-603.01, which requires the Home to be financially self-sustaining. The first report focused on the Department's fiduciary program, and the other reports will focus on (1) the Veterans' Donations Fund and the Military Family Relief Fund and (2) the statutory sunset factors for the Department and the Commission.

# Department operates nursing home for veterans

Like all other states, the Department operates a nursing home to provide long-term skilled nursing care to eligible Arizona veterans, their spouses, and parents whose children died while serving in the armed forces of the United States. The Department is also building a second nursing home in Tucson and is planning to build three additional homes in various parts of the State to further serve the needs of Arizona's aging veterans. As of September 30, 2007, according to the U.S. Department of Veterans Affairs (VA), Arizona had approximately 568,000 veterans, and 42 percent of them were 65 years or older.

Arizona's existing Home—a 200-bed facility in Phoenix—provides:

- Around-the-clock supervision by licensed nurses;
- Rehabilitative, physical, occupational, and speech therapy;
- A 25-bed specialty care unit for Alzheimer's and dementia patients; and
- A 25-bed sub-acute unit for short-term care and rehabilitation.

Honorably discharged veterans, veterans' spouses, surviving spouses, and parents whose children were killed in action are eligible to receive services at the Home.[1] Most residents are male, are 75 years old or older, and are not expected to be discharged from the Home. As of June 29, 2011, 78 percent of the Home's beds were occupied.

As of June 20, 2011, the Home had 247 authorized full-time equivalent (FTE) positions. However, 84 of these positions were vacant for a vacancy rate of approximately 34 percent.

As shown in Table 1 (see page 2), for fiscal year 2010, the Home had operating revenues of approximately $15 million. Most of these revenues consisted of resident services payments from Medicaid, the VA, private sources, and Medicare. Additionally, the Home received nonoperating revenues of more than $1.5 million from the State General Fund and $130,000 from the Veterans' Donations Fund in fiscal year 2010. These additional revenues helped to cover the Home's operating expenses of nearly $15.3 million in fiscal year 2010. The Home also received State General Fund and Veterans' Donations Fund monies in fiscal years 2008 and 2009 to improve operations and quality of

[1] According to Arizona Administrative Code R4-40-201(B), spouses and surviving spouses cannot exceed 25 percent of the total number of residents in the Home.

## Table 1: Schedule of Revenues, Expenditures, and Net Changes Fiscal Years 2008 through 2011

| | 2008 (Actual) | 2009 (Actual) | 2010 (Actual) | 2011 (Estimate) |
|---|---|---|---|---|
| Operating revenues: | | | | |
| Resident services | | | | |
| Medicaid | $ 6,016,569 | $ 5,866,488 | $ 6,268,173 | $ 5,790,462 |
| Medicare | 1,156,497 | 675,373 | 1,100,972 | 1,117,332 |
| Private pay | 2,579,050 | 2,274,610 | 1,913,417 | 1,622,553 |
| U.S. Department of Veterans Affairs (VA) per diem | 4,052,029 | 3,551,586 | 3,811,231 | 4,667,122 |
| VA Service-Connected[1] | | 57,698 | 1,825,791 | 4,911,166 |
| Other | 51,856 | 154,019 | 79,915 | 95,779 |
| Total operating revenues | 13,856,001 | 12,579,774 | 14,999,499 | 18,204,414 [2] |
| Operating expenditures: | | | | |
| Personal services and related benefits | 12,613,053 | 11,104,085 | 11,035,906 | 10,884,000 |
| Professional and outside services | 2,182,574 | 1,781,843 | 1,143,381 | 1,270,800 |
| Travel | 6,367 | 14,256 | 20,217 | 23,100 |
| Food | 474,844 | 472,793 | 498,708 | 547,700 |
| Other operating[3] | 1,829,638 | 2,074,450 | 2,198,286 | 2,411,700 |
| Building improvements and equipment[4] | 562,984 | 336,067 | 396,623 | 679,300 |
| Total operating expenditures | 17,669,460 | 15,783,494 | 15,293,121 | 15,816,600 |
| Operating loss | (3,813,459) | (3,203,720) | (293,622) | 2,387,814 |
| Nonoperating revenues: | | | | |
| State General Fund appropriations[5] | 3,237,076 | 2,314,357 | 1,544,502 | |
| Veterans' Donations Fund [6] | 843,339 | 718,373 | 130,542 | |
| Total nonoperating revenues | 4,080,415 | 3,032,730 | 1,675,044 | |
| Net change | $ 266,956 | $ (170,990) | $ 1,381,422 | $ 2,387,814 |

1 Monies received from the VA for certain residents who have disabilities caused or aggravated by their active military service. These veterans either (1) need nursing home care because of these service-connected disabilities, (2) are 70 percent or more disabled because of service-connected disabilities, or (3) are considered totally disabled because their service-connected disabilities make them unable to maintain gainful employment.

2 Fiscal year 2011 revenues are projected to increase by more than $3.2 million from fiscal year 2010 revenues. According to a department official, fiscal year 2011 revenues have increased primarily because daily reimbursement rates for the VA per diem and service-connected programs have increased approximately 20 percent; the average daily census has increased approximately 5 percent; and the number of VA service-connected residents, the highest payment category for fiscal year 2011, has increased by more than 100 percent.

3 According to a department official, approximately $239,400 of fiscal year 2010 other operating costs were made to paint the exterior of the Home and replace concrete dumpster pads. The State General Fund appropriation provided monies that allowed these projects to be completed.

4 According to a department official, all of the building improvements and equipment expenditures were made because the State General Fund appropriation provided monies to make capital improvements.

5 Amount is the expended portion of the appropriation and does not include any lapsing spending authority. The appropriations were intended for the Home to make capital improvements, replace resident care equipment, hire 22 new full-time equivalent positions, provide raises for nursing staff, and update technology.

6 Amount consists of the portion of the Veterans' Donations Fund that was used to pay for the Home's expenditures. Monies in this Fund consist of gifts and contributions donated to the Department. The Office of the Auditor General will be issuing a separate report by October 1, 2011, that discusses the Department's use of Veterans' Donations Fund monies.

Source: Auditor General staff analysis of department-prepared financial information for the Home for fiscal years 2008 through 2011, including 13th-month activity and administrative adjustments through September 30, 2010.

care.[1] However, for fiscal year 2011, the Home did not receive a State General Fund appropriation and did not expect to use any Veterans' Donations Fund monies because the Department projected that it would receive approximately $18.1 million from resident services payments. These monies would be more than sufficient to cover anticipated home expenses of more than $15.8 million in fiscal year 2011 (see Finding 1, pages 5 through 14, for more information on the Home's finances).

1 The Veterans' Donations Fund consists of monies, gifts, and contributions donated to the Department. According to statute, monies in this Fund may be used to benefit Arizona veterans at the Director's discretion. The Office of the Auditor General will be issuing a separate report by October 1, 2011, that discusses the Department's use of Veterans' Donations Fund monies.

FINDING 1

# Additional steps needed to help ensure self-sufficiency of state veterans' homes

The Department of Veterans' Services (Department) Veteran Home's (Home) financial condition has improved, but additional steps are needed to help ensure its self-sufficiency, as well as that of other homes planned or under construction. Arizona Revised Statutes (A.R.S.) §41-603.01 requires the Home to be financially self-sustaining. However, the Home had losses in fiscal years 2008 through 2010 and required State General Fund subsidies to support its operations. The Department has made several improvements, resulting in higher revenues and lower expenses, and it has not received a State General Fund appropriation for fiscal years 2011 and 2012 to operate the existing Home. To help ensure that the Home and future homes, including one that it plans to open in Tucson in October 2011, are self-sustaining, the Department should finalize policies for monitoring financial performance, increase cash on hand, and continue to reduce administrative costs.

## Department actions have improved Home's financial condition

Previous department management and quality-of-care issues caused the Home to operate at a financial loss in fiscal years 2008 through 2010. The Department has improved the Home's management and addressed the quality-of-care issues that contributed to the need for State General Fund subsidies in those years.

Home was not self-sustaining in fiscal years 2008 through 2010—Unlike in some other states, A.R.S. §41-603.01 requires the Department to operate and maintain the Home as a self-sustaining facility. However, between fiscal years 2008 and 2010, the Home was not self-sustaining, but instead had an operating loss and received State General Fund subsidies. Specifically, as shown in Table 1 (see page 2), the Home had a combined operating loss of more than $7.3 million for fiscal years 2008 through 2010. Additionally, the Department spent approximately $7.1 million of the approximately $7.6 million in State General Fund monies that the Legislature appropriated to the Department to support home operations. The Department also used approximately $1.7 million from the Veterans' Donations Fund for the Home's operations in those same years.[1] According to the Department, it used State General Fund and Veterans' Donations Fund subsidies to make capital improvements at the Home, replace resident care equipment, and pay for some staff expenses, including hiring additional staff.

Two main factors contributed to the need for the subsidies:

- **Past mismanagement depleted Home's resources**—Inappropriate expenditures by the Department's former director in fiscal years 2004 through 2007 significantly reduced the balance in the Home for Veterans' Trust Fund (Fund). According to A.R.S. §41-608.01, monies in this Fund, which come from charges for patient services, are to be used to operate and maintain the Home. However, a November 2009 special investigation by the Office of the Auditor General found that the former director may

[1] The Veterans' Donations Fund consists of monies, gifts, and contributions donated to the Department. According to statute, monies in this Fund may be used to benefit Arizona veterans at the Director's discretion. The Office of the Auditor General will be issuing a separate report by October 1, 2011, that discusses the Department's use of Veterans' Donations Fund monies.

have inappropriately hired his wife and son to work at the Home, and spent at least $786,820 from the Fund on a portion of his wife's salary, a portion of his son's salary, and nursing home renovations coordinated by his wife.[1] These renovation and salary expenditures, along with other factors, contributed to the Fund's fiscal year-end fund balance decreasing from approximately $1.6 million in fiscal year 2004 to $74,846 in fiscal year 2008. In September 2010, the former director pled guilty to conflict-of-interest charges pertaining to the hiring of his wife and helping to obtain an unjustified increase in her salary.

- **Poor quality of care**—The Home also required subsidies because of poor quality of care, which resulted in reduced resident referrals and the associated revenue, while at the same time requiring additional monies to make improvements to address the quality-of-care concerns. In 2007 through 2009, both the U.S. Department of Health and Human Services Centers for Medicare and Medicaid Services' (CMS) and U.S. Department of Veterans Affairs' (VA) inspections found the Home to be in noncompliance with many quality-of-care regulations. These annual inspections examine areas such as staffing, quality of care, and residents' rights. In February 2007, the CMS cited the Home for 17 minor and 5 major deficiencies. The major deficiencies included a condition of immediate jeopardy to resident health and safety by failing to provide the required supervision of resident smokers, actual harm to residents by failing to respond to resident's call lights in a timely manner, and a widespread potential for harm because the Home's quality assessment and assurance committee failed to implement corrective remedies in these situations. Also in 2007, the VA's inspection identified 6 requirements that were not met and 19 that were only provisionally met. The requirements that were not met included providing appropriate treatment for residents with substance abuse issues and meeting residents' nutritional needs.

Because of poor quality of care at the Home, the CMS fined the Department $10,000 and denied payment for new admissions, and the VA suspended placements.

  Because of the Home's noncompliance with quality-of-care regulations, both the CMS and the VA took various actions against the Home. Specifically, the CMS fined the Department $10,000 following its February 2007 inspection and imposed denials of payment for new admissions after its 2007, 2008, and 2009 inspections for approximately 5 weeks, 2 weeks, and 3 weeks, respectively, until follow-up inspections determined the problems had been corrected. Additionally, according to a VA official, the VA suspended placements twice in response to deficiencies identified at the Home from March 2007 through May 2007 and from December 2007 through October 2008. Placements from the VA to the Home resumed following review and acceptance of the Home's corrective action plan each time.

As a result of mismanaged resources and poor resident care, the Home's occupancy rate and revenue decreased. As shown in Table 2 (see page 7),

[1] State of Arizona, Office of the Auditor General, Special Investigative Unit. (2009). *Arizona Department of Veterans' Services: Misuse of public monies, conflict of interest, and misfeasance by the former director*. Phoenix, Arizona: Author.

between fiscal years 2007 and 2009, the Home's occupancy rate dropped from 94 to 75 percent. Additionally, from fiscal years 2008 to 2009, operating revenues decreased by approximately $1.3 million.

Table 2: Average Daily Census and Occupancy Fiscal Years 2007 through 3rd Quarter of 2011

| Fiscal Year | Average Daily Census | Occupancy Percent (200 capacity) |
|---|---|---|
| 2007 | 188 | 94% |
| 2008 | 175 | 88 |
| 2009 | 149 | 75 |
| 2010 | 169 | 85 |
| 2011 | 174 | 87 |

Source: Auditor General staff analysis of department-prepared census data.

**Financial condition has improved**—The Department has taken several steps to improve the Home's financial condition. These actions, which included both increasing revenues and decreasing expenditures, resulted in an average cash on hand balance of approximately $1.8 million for the first 7 months of fiscal year 2011. Also, in fiscal years 2011 and 2012, the Home did not receive a State General Fund subsidy.[1] Steps taken included:

- **Increasing Home's occupancy rate and maintaining balanced payer mix**—The Home's occupancy rate increased from a low of 75 percent in fiscal year 2009 to 87 percent for the first three quarters of fiscal year 2011, which is slightly below the breakeven census of 177 residents. The breakeven census is the average daily number of residents the Home must maintain throughout the fiscal year to pay for its budgeted operating and capital expenses. To monitor the occupancy rate, department officials receive and analyze a daily report that contains the current census, admissions, and the primary payer type for each resident.

  Additionally, the Home has developed a more balanced payer mix (see Table 5, page a-i, for descriptions of the Home's payer types). According to an expert in healthcare financing, an optimal payer mix for a skilled nursing facility has 60 percent or less Medicaid residents while maximizing its Medicare population. As shown in Table 3, payment rates are lower for Medicaid residents and higher for Medicare. Since July 2009, the Home has reduced its percentage of Medicaid residents from 73.5 percent to approximately 57 percent as of September 2010, and increased its percentage of Medicare residents during this time. The Home has also

Table 3: Change in Proportions of Residents with Highest and Lowest Payment Rates

| Type | Daily Payment Rate for September 2010[1] | Percent of Residents July 2009 | Percent of Residents September 2010 |
|---|---|---|---|
| VA service-connected[2] | $316 | 7.3% | 21.4% |
| Medicare | 374 | 2.0 | 6.1 |
| Medicaid | 157 | 73.5 | 56.8 |

1 Medicare and Medicaid rates vary depending on actual services. The figures in this table are average daily rates received for September 2010. VA service-connected rates are the lesser of the prevailing rate for the geographic area or the actual cost of care. The VA establishes prevailing rates for every state veteran home each fiscal year. The amounts listed are the prevailing rates. According to a department official, the Home's actual costs reach this rate the vast majority of the time.

2 Monies received from the VA for certain residents who have disabilities caused or aggravated by their active military service. These veterans either (1) need nursing home care because of these service-connected disabilities, (2) are 70 percent or more disabled because of service-connected disabilities, or (3) are considered totally disabled because their service-connected disabilities make them unable to maintain gainful employment.

Source: Auditor General staff analysis of department-prepared census data for July 2009 and September 2010.

1 In fiscal year 2012, the Legislature appropriated the Department approximately $1.9 million to be used for one-time start-up costs for the State Veteran Home in Tucson that is expected to open in October 2011.

increased the percentage of beds occupied by residents who qualify for VA service-connected payments, which are also higher than the Medicaid rate. These residents have disabilities caused or aggravated by their active military service and either (1) need nursing home care because of these disabilities, (2) are 70 percent or more disabled because of service-connected disabilities, or (3) are considered totally disabled because their service-connected disabilities make them unable to maintain gainful employment. To achieve this more balanced payer mix, department officials reported that they improved their relationship with the Phoenix VA Health Center System, which places VA service-connected residents in the Home and pays for their care.

- **Improving quality of care—**Inspections conducted by the VA and CMS in 2009 and 2010 identified fewer deficiencies than previous years. Specifically, the VA identified 15 requirements not met or provisionally met in 2009, compared with 40 in 2008 and 25 in 2007. Similarly, deficiencies identified in the CMS's inspections decreased from 19 in 2009 to 7 in 2010. For example, to help address the 2007 CMS deficiency regarding smoking, the Home updated each resident's care plan and educated residents about the smoking policy that includes a contract that the resident must sign in order to smoke. According to a department official, the Department was able to improve the Home's quality of care by aligning their quality systems with state and federal regulations and tracking their progress toward regulatory compliance.

The Department has reduced the Home's operating expenditures from nearly $17.7 million in fiscal year 2008 to nearly $15.3 million in fiscal year 2010.

- **Reducing Home's operating expenditures—**As shown in Table 1 (see page 2), the Home's operating expenditures decreased from nearly $17.7 million in fiscal year 2008 to nearly $15.3 million in fiscal year 2010, a reduction of approximately $2.4 million. The Department has reduced the Home's operating expenditures through such actions as maintaining proper nursing staff levels. According to a department official, the Home was overstaffed in fiscal years 2009 and 2010 when it had a nursing staff level of 3.65 hours per patient day—nearly 50 percent higher than the federal VA requirement of no less than 2.5 hours. Between June and October 2010, the Department reduced its nursing staff hours to 3.24 hours per patient day, slightly higher than its goal of 3.2 hours. According to a department official, the Home needs a higher staffing level than the VA requirement because it has a high percentage of rehabilitative and disabled residents. To help ensure the Home maintains proper staffing levels, the Home's administrator and department management review staffing reports at their monthly budget meetings.

## Despite improvements, risks to financial condition remain

These improvements notwithstanding, the Home still faces a risk of needing additional subsidies in the future because it may not have sufficient cash to cover any significant unexpected situations. The Department can take several steps to address this risk.

**Home at risk of needing future subsidies**—Although the Department has increased the amount of cash it has on hand for home operations, the Home is still at risk of needing future State General Fund subsidies because its available cash balance may not be sufficient to cover any significant unexpected situations. In fiscal year 2010, billings for services were not sufficient to completely cover noncapital expenditures, and the Home averaged approximately $670,000 in cash on hand, enough to cover only 18 days of operations. However, the Department has increased the amount of cash on hand to approximately $1.8 million, on average, through April 2011, enough to cover more than 43 days of operations. Additionally, as discussed previously, it has also approached its break-even census of 177 beds that would allow it to pay for its budgeted expenditures including operating expenditures and approximately $1.6 million in capital improvement and contingency expenditures. The Department's costliest project was a $347,500 replacement of the Home's main chillers. According to a department official, the Department spent nearly $222,500 from monies it generates, and the remaining $125,000 came from a building renewal allocation from the Arizona Department of Administration.

The Department has increased the amount of cash on hand to approximately $1.8 million, which is enough to cover more than 43 days of operations.

Although the Home's financial condition has improved in fiscal year 2011, other healthcare institutions have more days cash on hand and/or higher goals for days cash on hand, while a significant operational change at the Home could quickly exhaust its available cash on hand. Specifically, according to a Standard and Poor's report, the median days cash on hand for stand-alone hospitals and healthcare systems for calendar year 2008 was 134 days.[1] Further, the Maricopa Integrated Health System (MIHS), which includes a teaching hospital, several other healthcare facilities, and two health plans, budgeted its consolidated fiscal year 2011 cash on hand at 65 days, and according to an MIHS official, the system has a long-term goal of 122 days cash on hand.[2] Additionally, a loss of residents below the break-even census, a change in the payer mix, or large one-time costs could eliminate the Department's cash on hand and place the Home in a similar situation to fiscal years 2008 through 2010 when it had to rely on State General Fund monies to be able to operate.

**Department should take steps to help ensure Home continues to improve its financial condition**—Since the Home continues to be at risk for needing future subsidies, the Department should formalize the processes that helped improve the Home's financial condition, continue to grow its cash balance, and continue reducing administrative costs. Specifically, the Department should:

1 Soule, J., Macdonald, C., & McNamara, M. (2009). *U.S. not-for-profit health care stand-alone fiscal 2008 median ratios weaken across the board.* New York: Standard & Poor's.

2 The official stated that the MIHS goal is based on the median values of hospitals with a BBB bond rating. Bond ratings are not applicable to the Home because it is not permitted to carry debt in excess of $350,000.

- **Finalize and implement financial management policies and procedures**—Since July 2009, department management has established various mechanisms to monitor the Home's financial performance, including monthly reviews of a dashboard-style quality service report and the Home's resident census, revenues, expenditures, staffing, and current and future capital expenditures. According to department officials, as of February 2011, department staff were developing written policies to formalize the financial management of its veterans homes. The Department should finalize and implement these policies and procedures.

- **Continue to increase cash on hand**—The Department should continue to increase its days cash on hand. Days cash on hand is a metric that measures the ability of an entity to pay its liabilities. The Department's average days cash on hand has increased from approximately 5 days in fiscal years 2008 and 2009 to more than 43 days as of April 2011, which is more than its informal goal of 30 days. However, similar to other healthcare institutions, the Department should establish higher cash-on-hand goals and continue to work to increase its cash on hand.

The Department had more than 43 days of cash on hand as of April 2011.

- **Continue reducing administrative costs**—Although the Home has reduced its administrative and general costs, a comparison with other nursing care institutions suggests there is room for continued improvement, and the Home should establish benchmarks to assess its progress. Administrative and general costs are not directly related to general resident care and include a portion of allocated costs toward purchasing, human resources, payroll, information technology services, finance, and operational costs for admissions and security staff. As shown in Table 4, the Home reduced its administrative and general costs from 18.5 percent in fiscal year 2008 to 14.7 percent in fiscal year 2010.

Table 4: Administrative and General Costs and Percents of Total Costs Fiscal Years 2008 through 2010

| Fiscal Year | Costs[1] | Percents[2] |
|---|---|---|
| 2008 | $3,262,736 | 18.5% |
| 2009 | 2,437,247 | 15.4 |
| 2010 | 2,296,068 | 14.7 |

1 Administrative and general costs are primarily costs not related to the residents' general care. They include a portion of costs allocated to purchasing, human resources, payroll, information technology services, and finance. They also include other costs that do not directly relate to resident care but affect the operation of the Home, such as security and admissions.

2 Administrative and general costs percents of the fiscal year's total costs minus depreciation.

Source: Auditor General staff analysis of the Home's *Nursing Care Institution Uniform Accounting Report* for fiscal years 2008 through 2010.

According to a department official, administrative and general costs were higher during fiscal year 2008 for two reasons. First, an Arizona Department of Health Services enforcement agreement—stemming from quality-of-care issues found during the previously discussed February 2007 CMS inspection—required the Home to maintain a nursing consultant company on its premises. Second, the fiscal year 2008 State General Fund appropriation that the Legislature provided for additional staffing, patient equipment, and major maintenance and repair projects to address quality of care issues at the Home also resulted in additional administrative and general costs. The Department reported that, in fiscal year 2011, it has further reduced the Home's administrative costs by reevaluating every staff position. As of January 2011, it eliminated three administrative staff positions, including the Home's assistant administrator, saving more than $119,000 in salaries and additional savings in employee-related benefits.

The Home's fiscal year 2010 administrative and general costs were lower than the average administrative and general costs of comparable nonprofit and government nursing care institutions. Auditors compared the Home's administrative and general costs with similar costs from eight other Arizona nonprofit or government-owned nursing care institutions with licensed bed capacities between 99 and 228 beds.[1] For fiscal year 2010, the Home's administrative and general cost percentage was approximately 3 percent below the average for comparable nonprofit and government-operated nursing care institutions. Additionally, the Home had the third lowest administrative and general cost percentage when compared to the eight other nonprofit and government-owned institutions reviewed.[2] The Department should continue to reduce the Home's administrative and general costs and assess its progress by benchmarking its administrative and general cost percentage against comparable nonprofit and government homes.

## Department should take steps to ensure self-sufficiency of future veterans' homes

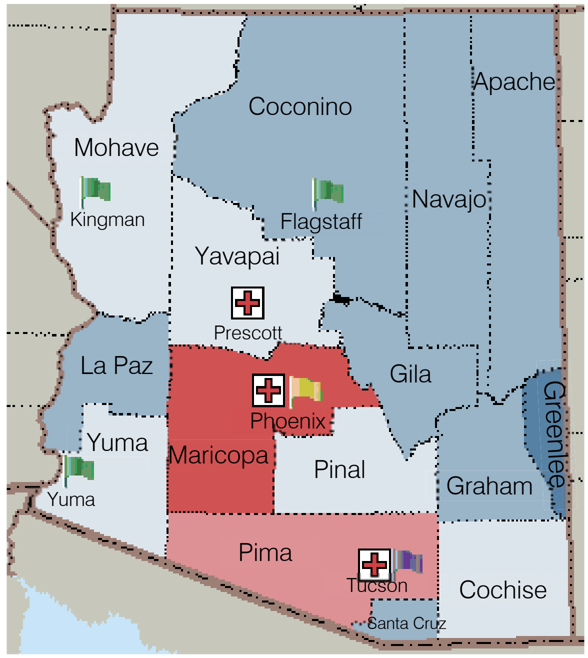
The Department is building a new 120-bed veteran home in Tucson that is expected to open in October 2011. As shown in Figure 1 (see page 12), the Department also plans to open three additional veteran homes by 2019: a 120-bed home in the Flagstaff region, a 100-bed home in the Kingman region, and a 100-bed home in the Yuma region. These plans are based on the VA's projections of the need for additional homes in Arizona. Construction of the new Tucson Home was paid for with a federal VA grant of the lesser of approximately $17 million or 65 percent of the actual construction cost of this home and $10 million in State General Fund monies.

The Department anticipates that its Tucson Veteran Home will be financially self-sufficient soon after it begins operations. For fiscal year 2012, the Legislature appropriated approximately $1.9 million from the State General Fund and approximately

1 Auditors used the fiscal years 2009 and 2010 *Nursing Care Institution Uniform Accounting Report* to obtain information about other nursing care institutions' administrative and general costs. Nursing care institutions are required to submit this information within 150 days after their respective fiscal year ends, to the Arizona Department of Health Services, which compiles the information for all reporting institutions and posts the information on its Web site.

2 Auditors also compared the Home's administrative costs with 17 Arizona private nursing care institutions with licensed bed capacities between 179 and 312 beds and found that the Home's costs were approximately 1 percent higher than the average for private nursing care institutions, and the Home ranked 13th lowest when compared with those institutions. However, department officials indicated that the Home, unlike private nursing care institutions, must provide state-mandated benefits such as retirement and health insurance.

Figure 1: Veteran Population by County, Veterans' Homes, Planned Veterans' Homes, and VA Health Care Systems As of February 1, 2011




- 150,000 to 320,000
- 100,000 to 149,999
- 50,000 to 99,999[1]
- 10,000 to 49,999
- 1,000 to 9,999
- 100 to 999

- State Home under Construction
- Existing Home
- Planned State Homes[2]
- VA Health Care System

1 No Arizona counties have veterans who fall within this category.

2 The Department plans to open three additional veterans homes by 2019: a 120-bed home in the Flagstaff region, a 100-bed home in the Kingman region, and a 100-bed home in the Yuma region.

Source: Auditor General staff analysis of 2007 county-level veteran population data obtained from the VA Web site and a 10-year planning document prepared by the Department.

Department officials reported that they anticipate the Tucson Home will be self-sufficient as early as fiscal year 2013.

$4.7 million from the Home for Veterans' Trust Fund for one-time start-up costs to open and begin operating the Tucson Home. Department officials reported that they anticipate that the Tucson Home will be self-sufficient as early as fiscal year 2013. The Department bases this expectation on a projection that the Tucson Home's occupancy rate will be 95 percent by fiscal year 2014.

National and state occupancy rates, along with recent occupancy data from the Phoenix Home, suggest that the Department's occupancy projections for the Tucson Home may be optimistic, placing the expectations for early self-sufficiency at risk.

According to national data on Medicare/Medicaid-certified nursing homes, the occupancy rate for nursing homes has been declining and was less than 84 percent in 2009 nationally and less than 77 percent in Arizona.[1] Additionally, although the Phoenix Home's occupancy rates in fiscal years 1998 through 2007 averaged 95 percent, its occupancy rates for fiscal years 2008 through 2010—when occupancy was affected by the quality-of-care problems discussed earlier—averaged only 82 percent. Further, when the Department submitted its needs assessment for the Tucson home to the VA in 2004, Tucson had 19 community-based Medicare/Medicaid-certified nursing homes, with an average occupancy rate of 85 percent, which was similar to the national average for that year. However, the Department believes the Tucson Home can reach 95 percent occupancy because of the number of public inquiries it has received and the veterans' population in the area.

To help ensure that the Department projects the self sufficiency of its future homes accurately, the Department should monitor occupancy of the Tucson Home during its first 3 years of operation and, if the occupancy projections turn out to be inaccurate, modify its projection methodology to reflect lessons learned from the Tucson Home. At these new homes, the Department should also ensure that once the homes are in use, it implements management practices that are similar to the ones used at the Phoenix Home. Implementing practices such as monitoring and maintaining a balanced payer mix and a high level of quality of care and keeping operating and administrative and general costs low will help ensure that additional homes will be financially self-sufficient and mitigate the risk of needing State General Fund appropriations.

## Recommendations

1.1 The Department should take steps to help ensure the existing Phoenix Veteran Home continues to improve its financial condition by:

   a. Finalizing and implementing policies and procedures for monitoring the Home's financial performance. These policies and procedures should include the various mechanisms that department management has used to monitor the Home's financial performance since July 2009;

   b. Increasing its goal for days cash on hand and continue to increase its days cash on hand; and

   c. Continuing to reduce the Home's administrative and general costs and assess its progress by benchmarking its administrative and general cost percentage against comparable nonprofit and government nursing homes.

[1] Harrington, C., Carrillo, H., Blank, B.W., & O'Brian, T. (2010). *Nursing facilities, staffing, residents and facility deficiencies, 2004 through 2009*. San Francisco, CA: University of California, Department of Social and Behavioral Sciences.

1.2 To help ensure its revenue projections for future homes are accurate, the Department should monitor the actual occupancy of the new Tucson Home opening in 2011, and if the occupancy projections turn out to be inaccurate, modify its projection methodology to reflect lessons learned from the Tucson Home.

1.3 To help ensure the financial self-sufficiency of future homes, the Department should implement the same management practices it used to improve the Phoenix Home's financial condition, including:

a. Maintaining a balanced payer mix;

b. Maintaining a high level of quality of care; and

c. Keeping operating costs and administrative expenditures low.

# APPENDIX A Payer types

Table 5: Payer Types
As of February 2, 2011

| Payer Type | Description | Budgeted Per Diem Rate for Fiscal Year 2011 | Number of Residents (Percent of Total) |
|---|---|---|---|
| Medicare Part A | Medicare Part A is insurance that helps cover inpatient care in hospitals, skilled nursing facilities, hospice, and home health care. The Home receives reimbursement for caring for qualified residents. The reimbursement rate varies and is based on the residents' needs. | $353.09 | 10 (5%) |
| VA Service-Connected | Monies from the federal Department of Veterans Affairs (VA) for certain veterans who have disabilities caused or aggravated by their active military service. These veterans either (1) need nursing home care because of these service-connected disabilities, (2) are 70 percent or more disabled because of service-connected disabilities, or (3) are considered totally disabled because their service-connected disabilities make them unable to maintain gainful employment. The VA pays state veterans' homes either the prevailing rate for the geographic area or the actual cost of care, whichever is less, for these veterans. | 315.75[1] | 39 (22%) |
| Private Pay | Room and board rate established by the Department for private and semi-private resident rooms. The Home bills residents separately for ancillary services such as physical, occupational, and speech therapies. | 165.00 | 30 (17%) |
| Other | According to a department official, other revenue comes mainly from residents' private health insurance. | 250.00 | 0 |
| Medicaid | Arizona's Long Term Care System (ALTCS) is part of the State's Medicaid program that provides long-term care services at little or no cost to financially and medically eligible Arizona residents who are aged, blind, disabled, or have a developmental disability. | 151.25 | 98 (55%) |
| Medicare Part C | Medicare Advantage Plans are offered by private companies and approved by Medicare that provide for hospital and medical insurance and may offer extra coverage such as vision, hearing, and dental programs. For these plans, Medicare pays a fixed amount for care every month to the companies offering Medicare Advantage Plans. | NA[2] | 2 (1%) |
| **Additional Funding** | **Description** | **Per Diem Rate** | **Number of Residents** |
| VA Per Diem | Monies from the VA for eligible veterans who do not qualify for the VA service-connected rate. For these veterans, the VA pays either the basic rate established by the VA or one-half of the actual cost of care, whichever is less. These monies are in addition to payments the Home receives for those veterans from the other payer types indicated above. | $77.53[3] | 124 |

1 The service-connected prevailing rate increased to approximately $375 for federal fiscal year 2011, which began on October 1, 2010. The figures in the table are budgeted figures for the state fiscal year, which began on July 1, 2010.

2 According to a department official, the Department does not budget for this payer type because so few residents have it to cover their cost of care.

3 The state veterans' home per diem rate increased to approximately $95 for federal fiscal year 2011, which began on October 1, 2010. The figures in the table are budgeted figures for the state fiscal year, which began on July 1, 2010.

Source: Auditor General staff analysis of department census data, budget information, and health insurance provider agreements; state veterans' home fiscal year 2011 per diem rates; United States Code of Federal Regulations 38 C.F.R. §§51.40 and 51.41; and information obtained from the Arizona Health Care Cost Containment System and Centers for Medicare and Medicaid Services Web sites.

# APPENDIX B

This appendix provides information on the methods auditors used to meet the audit objectives.

This audit was conducted in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

The Auditor General and staff express appreciation to the Department's Director and staff for their cooperation and assistance throughout the audit.

# Methodology

Auditors used a number of methods to study the issues addressed in this report, including interviewing Arizona Department of Veterans' Services (Department) and Phoenix Veteran Home (Home) staff, an official from the Federal Department of Veterans Affairs (VA) Phoenix VA Health Care System, an analyst from Arizona's Joint Legislative Budget Committee, and an expert in healthcare financing. Auditors also reviewed Arizona Revised Statutes (A.R.S.) and Arizona Administrative Code associated with the veterans' home program, the United States Code of Federal Regulations pertaining to veterans' homes, and the Home's policies and procedures.

To evaluate the Home's past quality-of-care performance, including staffing, auditors reviewed nine VA and Department of Health and Human Services Centers for Medicare and Medicaid Services' (CMS) annual reviews and recertification survey reports issued between 2006 and 2010 and the VA's nursing staff ratio requirement.

To evaluate the Home's financial performance and adequacy of the internal controls the Department has in place to ensure it effectively operates the Home and complies with statutory requirements, auditors reviewed the Home's budget spreadsheets for fiscal years 2009 through 2011, observed a monthly budget meeting where department staff monitor performance measures such as costs and revenues and staffing per patient day, analyzed the Home's financial information to assess its compliance with A.R.S. §41-603.01, which requires the Home to be financially self-sustaining, and reviewed the Department's financial services division policies and procedures. In addition, auditors interviewed Arizona Department of Health Services licensing staff that conducts the annual re-licensure and recertification surveys on behalf of CMS, and reviewed the Office of the Auditor General's 2009 Special Investigative Report on the Department.[1] To assess the Home's administrative and general cost percentage, auditors reviewed the Home's fiscal years 2008 through 2010 *Nursing Care Institution Uniform Accounting Report* and the fiscal years 2009 through 2010 *Nursing Care Institution Uniform Accounting Report* for all reporting institutions. Nursing care institutions are required to submit this information by 150 days after their respective fiscal year ends to the Arizona Department of Health Services, which compiles the information for all reporting institutions and posts the information on its Web site. Auditors compared the Home's costs against the costs of eight nonprofit and government-operated nursing care institutions with licensed capacities ranging from 99 to 228 beds, and 17 privately operated nursing care institutions with licensed capacities ranging from 179 to 312 beds. To analyze the Home's cash on hand, auditors

[1] State of Arizona, Office of the Auditor General, Special Investigative Unit. (2009). *Arizona Department of Veterans' Services: Misuse of public monies, conflict of interest, and misfeasance by the former director.* Phoenix, Arizona: Author.

reviewed and analyzed financial information about the State Home for Veterans' Trust Fund contained in the Arizona Financial Information System *Cash Control Summary Inquiry* for fiscal years 2008 through 2011 and reviewed the Maricopa Integrated Health System's budgeted cash-on-hand goals and Standard and Poor's report on median days cash on hand for stand-alone hospitals and healthcare systems for calendar year 2008.

To evaluate the Department's plans to build additional state veterans' homes, auditors analyzed department-prepared financial projections for the Tucson Home for fiscal years 2012 through 2014, the Department's long-term goals for building additional veterans' homes, a needs assessment and justification it submitted to the VA to build the Tucson Home, and an article on national and state nursing facility occupancy rates.[1]

[1] Harrington, C., Carrillo, H., Blank, B.W., & O'Brian, T. (2010). *Nursing facilities, staffing, residents and facility deficiencies, 2004 through 2009.* San Francisco, CA: University of California, Department of Social and Behavioral Sciences.

# AGENCY RESPONSE

JANICE K. BREWER
GOVERNOR

JOEY STRICKLAND
DIRECTOR

Arizona Department of
Veterans' Services
3839 North 3RD Street, Suite 209
Phoenix, Arizona 85012
Phone (602) 255-3373 Fax (602) 255-1038

June 11, 2011

Debra K. Davenport, CPA
Auditor General
State of Arizona Office of the Auditor General
2910 North 44th Street, Suite 410
Phoenix, Arizona 85018

Re: Final Response to the Performance Audit of the Arizona Department of Veterans' Services Arizona State Veteran Home, Office of the Auditor General, on May 31, 2011.

Dear Ms. Davenport:

On behalf of The Arizona Department of Veterans' Services, we appreciate your recognition of our efforts and continued progress to improve the financial stability and quality of care regarding our residents and Veteran Home.

I have reviewed the Auditor General's Audit Report of the Arizona Department of Veterans' Services State Veteran Home. Enclosed are the 3 pages of the Department's written comments on the report.

Sincerely,

Joey Strickland
Director

**FINDING 1**

**1.1 The Department should take steps to ensure the existing Phoenix Veteran Home maintains its improved financial condition by:**

**a. Finalizing and implementing policies and procedures for monitoring the Home's financial performance. These policies and procedures should include the various mechanisms that department management has used to monitor The Veteran Home's financial performance since July 2009.**

**RECOMMENDATION 1.a**

**ADVS Response:**
The finding of the Auditor General is agreed to and the recommendation will be implemented.

**b. Increasing the goal for days cash on hand and continue to increase cash on hand**

**RECOMMENDATION 1.b**

**ADVS Response:**
The finding of the Auditor General is agreed to and the recommendation will be implemented.

**Comments:**
Increasing the number of days of cash on hand from 43 days to 60 days would be considered sufficient for a nursing home (performance data was based on acute care hospital type environments). Based on calculations used by the Auditor General's Office, this would bring the Home's reserve from $1.8 million to $2.5 million.

Note: Agency staff has vigilantly maintained oversight of revenues and operating expenditures resulting in an increase of the number of day's cash on hand to an average of 68 days in the last three months.

**c. Continuing to reduce the Veteran Home's administrative and general costs and assess its progress by benchmarking the administrative and general cost percentage against comparable nonprofit and for-profit nursing homes.**

**<u>RECOMMENDATION 1.c</u>**
**ADVS Response:**
The finding of the Auditor General is agreed to with the exception of for-profit care institution comparisons p.11, footnote 2.

**Comments:**
Comparing the administrative and general cost of the Arizona State Veteran Home against not-for-profits and government entities is appropriate. The comparison of Arizona State Veteran Home's administrative and general cost to for-profit care institutions is not appropriate. The Arizona State Veteran Home must provide state mandated benefits such as retirement and health insurance, amongst others. For-profit care institutions do not offer the level of benefits that are offered to state employees. The suggested comparison of the Arizona State Home against for-profit care institutions is not realistic nor does the Home have the ability to control these mandated employee benefits and their costs. These costs will exceed the for-profit care sector.

While increasing cash on hand, the agency has also invested nearly $400,000 in capital improvement and equipment, most significantly the much needed replacement of the chiller system.

The agency will continue to refine these processes and meanwhile benchmark itself against comparable non-profit and government entities through utilization of the Nursing Care Institution Uniform Accounting Report, specifically the Administrative and General costs.

**1.2 To help ensure its revenue projections for future homes are accurate, the Department should monitor the actual occupancy of the new Tucson Home opening in 2011, and if the occupancy projections turn out to be inaccurate, modify its projection methodology to reflect lessons learned from the Tucson home.**

**<u>RECOMMENDATION 1.2</u>**
**ADVS Response:**
The finding of the Auditor General is agreed to and will be implemented.

**1.3 To help ensure the financial self-sufficiency of future homes, the Department should implement the same management practices it used to improve the Phoenix Home's financial condition, includes:**

> **a. Maintaining a balanced payer mix**
>
> **b. Maintaining a high level of quality care; and**
>
> **c. Keeping operating costs and administrative expenditures low.**

**RECOMMENDATION 1.3**

**ADVS Response:**
The finding of the Auditor General is agreed to and will be implemented.

**Comments:** During the period in which the Sunset audit was conducted, the Home's financial condition has continued to improve. The Home has maintained a constant flow of admissions and continued to improve its balance of payer mix. At the close of April the Home's Medicaid census was 56%, of which the optimal mix is 60% or less. The VA service-connected days have also increased to an average of 22% of our resident mix during the first three quarters of the fiscal year.

Throughout the fiscal year we have continued to maintain a balance between staffing and census. The average staffing hours per resident day for the last 25 pay cycles has been 3.16 hours, slightly lower than our goal of 3.2 hours but still well above the VA requirement of no less than 2.5 hours.

## Performance Audit Division reports issued within the last 24 months

**09-07** Department of Health Services, Division of Behavioral Health Services—Substance Abuse Treatment Programs
**09-08** Arizona Department of Liquor Licenses and Control
**09-09** Arizona Department of Juvenile Corrections—Suicide Prevention and Violence and Abuse Reduction Efforts
**09-10** Arizona Department of Juvenile Corrections—Sunset Factors
**09-11** Department of Health Services—Sunset Factors
**10-01** Office of Pest Management—Restructuring
**10-02** Department of Public Safety—Photo Enforcement Program
**10-03** Arizona State Lottery Commission and Arizona State Lottery
**10-04** Department of Agriculture—Food Safety and Quality Assurance Inspection Programs
**10-05** Arizona Department of Housing
**10-06** Board of Chiropractic Examiners
**10-07** Arizona Department of Agriculture—Sunset Factors
**10-08** Department of Corrections—Prison Population Growth
**10-L1** Office of Pest Management—Regulation
**10-09** Arizona Sports and Tourism Authority
**11-01** Department of Public Safety—Followup on Specific Recommendations from Previous Audits and Sunset Factors
**11-02** Arizona State Board of Nursing
**11-03** Arizona Department of Veterans' Services—Fiduciary Program
**11-04** Arizona Medical Board
**11-05** Pinal County Transportation Excise Tax

## Future Performance Audit Division reports

Department of Corrections – Oversight of Security Operations

Integrity ★ Accountability ★ Making a Difference ★