



## State Veterans Homes

State Veterans Homes (SVHs) are state-owned and state-operated facilities that provide nursing home care, domiciliary care, and adult day health care to eligible veterans, spouses, and Gold Star parents (parents of a child who died while serving in the armed forces). The SVH Program is a federal-state partnership whereby the Veterans Health Administration in the U.S. Department of Veterans Affairs (VA) provides federal assistance to SVHs in three ways:

1. VA provides grants to states to construct, acquire, remodel, or modify homes (38 U.S.C. §§8131-8138).
2. VA provides per diem payments to reimburse states for each eligible veteran receiving care in homes that are recognized and certified by the VA (38 U.S.C. §1741 and §1745).
3. VA provides payments to states for the hiring and retention of nurses (38 U.S.C. §1744).

VA supports three different types of SVH programs in 156 facilities, which may be co-located together in one facility:

**Nursing Homes Programs** (149 facilities): provide accommodation of convalescents or other persons who are not acutely ill and not in need of hospital care, but who require skilled nursing care and related medical services.

**Domiciliary Facility Programs** (53 facilities): provide a home to a veteran, embracing the furnishing of shelter, food, clothing and other comforts of home, including necessary medical services.

**Adult Day Health Care Programs** (3 facilities): a therapeutic outpatient care program that includes one or more of the following services, based on patient care needs: medical services, rehabilitation, therapeutic activities, socialization, and nutrition. Services are provided in a congregate (i.e., group) setting (38 C.F.R. Part 51.2).

### Brief Legislative History

SVHs were first established during the Civil War and originally paid for by state funds only, with no connection to the federal government. Congress first provided assistance to states in 1888 (Act of August 27, 1888, 25 Stat. 450). The act provided \$100 per year for each eligible veteran residing in a SVH. The method of payment was changed from an annual payment to a per diem payment in 1960 (the Disabled Veterans Housing Payment Act; P.L. 86-625). The construction grant program for SVHs was first established in 1964 when Congress authorized \$5 million in appropriations for the program (P.L. 88-450).

### Construction Grants

VA provides grants to participating states as a share of the cost of construction. Specifically, VA provides states up to 65% of the cost to construct, acquire, remodel, or modify

state homes. VA has the authority to set standards for facilities that utilize the grant program (38 C.F.R. Part 59).

### Admission

Admission to SVHs is restricted to eligible veterans and certain categories of veteran-related family members. A SVH cannot admit or provide care to other applicants. However, specific admission criteria are determined by the state in which the SVH is located. In general, eligibility requirements for admission to an SVH are as follows:

- Veterans in need of skilled nursing care and who have a general/honorable military discharge are given admission priority; and
- Spouses, surviving spouses, and Gold Star parents in need of skilled nursing care are also eligible for admission, if allowed by state policy.

VA is prohibited by law from exercising any supervision or control over the operation of a SVH, including setting admission criteria. The states also establish and manage operating procedures, personnel practices, and other operational matters. However, VA can require SVHs to provide documentation related to policies, practices, and claimed reimbursements.

SVHs that receive VA construction grants are required to maintain an occupancy rate of 75% veterans to be eligible for VA per diem payments (see next section). If the SVH was constructed or renovated solely with state funds, then SVHs may maintain an occupancy rate of 50% veterans in order to be eligible for VA per diem payments. All nonveteran residents must be veteran-related family members. P.L. 111-246, enacted September 30, 2010, enabled SVHs to furnish nursing home care to Gold Star parents of veterans. The mix of residents varies from home to home. Some states exercise their rights under law to accept up to 25% veteran-related family members, while others accept only veterans and some may accept only war veterans.

### Basic Per Diem Rates

VA provides a fixed per diem to the state for each veteran provided care in a SVH. VA basic per diem payments to states are paid for only the care of eligible veterans; care is paid irrespective of whether the veteran has wartime or peacetime service.

VA pays a basic per diem rate for each day that the veteran is receiving care and has an overnight stay (overnight stay requirements do not apply to adult day health care). In certain circumstances, per diem is also paid when there is no overnight stay (i.e., the veteran is temporarily absent from the facility) if the facility has a 90% or greater occupancy rate. In those circumstances, payments are made only (1) for the first 10 consecutive days during which the veteran is admitted as a patient for any stay in a VA or

other hospital, and (2) for the first 12 days in a calendar year during which the veteran is absent for purposes other than receiving hospital care.

The occupancy rate is calculated by dividing the total number of patients in the nursing home or domiciliary by the total recognized nursing home or domiciliary beds in that facility. The Basic State Home Per Diem Rates for FY2020 are shown in **Table 1**.

**Table 1. Basic State Home Per Diem Rates, FY2020**

Program Type	Per Diem (Per Resident/ Per Day)
Nursing Homes	\$112.36
Domiciliary	\$48.50
Adult Day Health Care	\$89.52

**Source:** Department of Veterans Affairs, Veterans Health Administration, Office of Community Care.

Pursuant to federal regulation, the VA Secretary may adjust the basic per diem rates each year. When computing per diem payments for nursing home care, domiciliary care, and adult day health care, VA uses different methodologies depending on the type of program.

The VA basic per diem rate covers a portion of the total costs of care for a veteran in a SVH. Each state has different methods of funding the balance, which may include some combination of private out-of-pocket payments from the veteran, reimbursement from Medicare (federal program) or Medicaid (joint state and federal program) for eligible individuals in SVHs certified to participate, or state general funds. Some individuals may have private long-term care insurance that may cover any out-of-pocket payments to SVHs. Nonveterans are not eligible for the basic per diem rate, and SVHs may also use a combination of payment sources to cover the cost of their care.

### Prevailing Per Diem Rates

SVHs can accept a different payment structure for certain veterans in lieu of the basic per diem rates. VA provides a prevailing per diem rate for veterans residing in a SVH who receive nursing home services for care related to a service-connected disability or for veterans with a service-connected disability rated 70% or higher.

A SVH can negotiate a prevailing rate with VA through the federal contracting process or enter into an agreement (“state home care agreement”) whereby payments are calculated based on a formula that accounts for the geographic area in which the SVH is located.

The SVH cannot charge any individual, insurer, or entity (other than VA) for the nursing home care paid for by VA under a state home care agreement. Prevailing per diem payments under these agreements are intended to cover the full cost of nursing home care for eligible veterans.

### Hiring and Retention of Nurses

Additional payments are available to SVHs that receive per diem payments and have a documented nursing shortage. Under this program, an SVH can receive funds for up to

50% of the cost of employee incentive programs, but not for standard employee benefits, such as salaries.

### VA Oversight

The primary methods of VA oversight are an annual facility-based survey, audits, and reconciliation of records conducted by the VA medical center of jurisdiction. The VA survey process for SVH nursing home programs is similar to the survey process utilized by the Centers for Medicare & Medicaid Services (CMS) for long-term care facilities. However, VA has no authority over the management or control of any SVH (38 U.S.C. §1742(b)).

In general, state licensure is the primary oversight mechanism for SVHs. To be certified for per diem payments, SVHs must be licensed by the state for the programs offered (38 C.F.R. §§51.210(f); 51.390; and 51.475). Some SVHs are also certified under CMS to receive payments under Medicare and/or Medicaid and thereby subject to CMS certification requirements and annual survey process.

### Budget

Per diem payments to SVHs and payments for retention and hiring of nurses are made from the VHA Medical Community Care Account. In FY2019, VA obligated \$1.3 billion from the Medical Community Care Account for grants to state homes. VA estimates obligations of \$1.5 billion in FY2020 and \$1.6 billion in FY2021.

Construction grants for SVHs are appropriated from a separate account. Sums appropriated under this program are available until expended. In FY2019, Congress appropriated \$150 million for grants. However, VA used funds carried over from previous years for a total obligation of \$502 million. VA offered 34 grants to states in FY2019.

#### Relevant Statutes, Regulations, and Policies

Title 38, U.S. Code, Chapter 17, Subchapter V  
 Title 38, U.S. Code, Chapter 81, Subchapter III  
 Title 38, U.S. Code of Federal Regulations, Chapters 51, 53, and 59  
 Department of Veterans Affairs, Veterans Health Administration, *State Home Per Diem (SHPD) Program*, VHA Directive 1601SH.01(1), April 7, 2020.

#### CRS Products

CRS Report R44697, *Long-Term Care Services for Veterans*  
 CRS In Focus IF10555, *Introduction to Veterans Health Care*  
 CRS Report R42747, *Health Care for Veterans: Answers to Frequently Asked Questions*

#### Other Resources

U.S. Government Accountability Office, *VA Needs to Continue to Strengthen Its Oversight of Quality of State Veterans Homes*, GAO-20-697T, July 20, 2020.

Jared S. Sussman, Analyst in Health Policy

IF11656

---

## Disclaimer

This document was prepared by the Congressional Research Service (CRS). CRS serves as nonpartisan shared staff to congressional committees and Members of Congress. It operates solely at the behest of and under the direction of Congress. Information in a CRS Report should not be relied upon for purposes other than public understanding of information that has been provided by CRS to Members of Congress in connection with CRS's institutional role. CRS Reports, as a work of the United States Government, are not subject to copyright protection in the United States. Any CRS Report may be reproduced and distributed in its entirety without permission from CRS. However, as a CRS Report may include copyrighted images or material from a third party, you may need to obtain the permission of the copyright holder if you wish to copy or otherwise use copyrighted material.