



Secretary Daniel J. Zimmerman
Testimony before the Joint Legislative Audit Committee
October 10, 2017

Good morning Co-Chairs, members of the Committee, legislators and other distinguished guests. I'm committed to running my agency in a manner that is open, honest, and forthright. It's with these principles in mind that I appear before you today. Thank you for the opportunity.

I love history. As a student of history, I firmly believe that those who ignore history and don't learn from it are doomed to repeat it. The key to learning is understanding and understanding requires studying cause and effect – getting at “why” and “how” something occurred not just that it occurred. Critiquing is easy but developing workable solutions is much harder. In my eight months as secretary I have focused on solutions and will continue to do so.

The LAB audit has been invaluable to me. Thank you for a very thorough review. It's an in depth report on what has happened at King over recent years – much of it quite impressive. The LAB report provides us history and a confirmation of what we already knew – that the four licensed skilled nursing facilities making up the Wisconsin Veterans Home at King, the largest skilled nursing home campus in the state and the second largest in the nation, exceed local, state, and national averages in almost all measured areas to include the key components of quality of care, survey citations, and employee retention. This is a great base of understanding upon which we can build.

King was founded in 1887 by the Grand Army of the Republic to provide a refuge for Wisconsin's aging Civil War Veterans and their spouses. Situated on Rainbow Lake in Waupaca, for decades King operated as a retirement community where Veterans and their spouses enjoyed their golden years engaging in community and recreational activities such as woodworking, crafting, boating, gardening, and taking organized trips to sporting events. Cottages dotted the landscape along quaint, tree-lined streets. The campus was a self-contained, self-sustained small village and the commandant its mayor.

Fast forward 130 years to today. The campus is now a self-contained, self-sustained CITY with the commandant as the mayor. Veterans needs have changed drastically as have veterans desires and federal and state regulations and funding streams. King has evolved accordingly. It is a vibrant city with four skilled nursing facilities and specific care for members with Alzheimer's and other dementias. Although King continues delivering veteran-focused services and care, our members are much further along in their retired years with significantly higher medical care needs.

The campus continues to evolve as do the regulatory environment and member desires. Last year the Centers for Medicare and Medicaid Services (CMS) published the aptly-named “Mega Rule,” a comprehensive update to the requirements of Medicare and Medicaid long-term care facilities that impacts admission requirements, member care, recording requirements, and reimbursement rates. This is a huge undertaking – the rule printed in the Federal Register spanned 185 pages – being implemented in three phases, and touches all aspects of member care, including facilities. It takes a full time

interdisciplinary team – nursing, dietary, social services, maintenance, activities and others - to implement and maintain compliance.

Other factors like a Federal push for increased age-at-home opportunities, Veterans' desires to age in facilities closer to home, friends and family, and increased member acuity have all placed added pressures on King's operations and budgets. Although I don't see any of these as insurmountable obstacles, they are nonetheless conditions of the environment in which King operates and therefore they must be fully understood and incorporated into our operations and planning.

Regarding budgets, some legislators have voiced concern about the Homes fund and transfers out of that account in support of the many benefits and services Wisconsin is proud to offer its veterans.

The benefits offered by the state are an important factor in drawing veterans *back* to Wisconsin following their military service. Wisconsin's benefits package is truly second to none compared to other states. While some of the benefits are funded more generally, like the tuition remission program and the Veterans property tax credit, most of the benefits and services are funded by the Veterans Trust Fund. The VTF has been funded from a variety of sources throughout its history. In the late 1990s and early 2000s it was funded by revenues generated by the department's various loan programs. But the housing and economic crises of 2008 caused that revenue stream to dry up. With interest rates at historic lows, those borrowers who were able refinanced their loans elsewhere while the department was locked into higher interest rates under terms of our bonds. Transfers between the funds are not new or unusual. This is Veterans helping Veterans.

We continue to make sizable investments at King. Between 2005 and 2016 over \$118 million has been allocated for capital projects at King. This includes funding for the new Moses Hall. On track to open in January of 2020, Moses Hall will be a 192-bed state of the art facility that incorporates Alzheimer's and dementia care into the overall design. It adheres to the modern trends in long-term care, such as promoting a home-like, rather than institutional, atmosphere.

All of the projects that we requested for King in the last capital budget for enumeration were approved.

Additionally, since 2011, we've completed 26 projects at King, such as installing a system to safely and discretely protect members who may wander, upgrading the HVAC system to provide adequate and consistent temperatures, upgrading the hot water storage heaters and water softening equipment, and improving our fire suppression system.

Another 13 projects are currently in progress, such as a roof replacement and upgrades to the heating plant, emergency generators, and fire alarm system.

The department utilizes a robust planning process to identify and prioritize capital projects. The process begins at the homes, driven by the staff on the ground. Additionally, there are statutory processes in place that enable the department to request additional spending authority from the legislature. After the needs of the homes are satisfied in each biennial and capital budget, the remaining balance, up to the amount approved in the budget, is available to support the VTF. Through the legislature's approval of my department budget and the governor's signature of that budget bill, both entities have directly approved the transfer of funds from Homes to the VTF. When transfers do occur they are posted for transparency purposes on the DOA Budget website.

Let's transition to the quality of care delivered at King.

The federal government has established a Five-Star Quality Rating System that objectively evaluates nursing homes to enable consumers to make informed comparisons regarding the quality of care delivered to residents living in licensed nursing homes across the country. King's homes have exceeded, and continue to exceed, local, state and national averages in *Overall Quality*. LAB confirmed this. Additionally, King far exceeds the *national* averages regarding Overall Quality, and all King homes are currently rated as Five Stars in the *Quality Measure* sub-category.

The Legislative Audit Bureau confirmed that King's per patient nurse contact hours exceed both state and federal standards. It also confirmed that the retention of experienced nurses at King exceeds local and state averages over time despite the statewide and national staffing crisis afflicting the industry. And when it comes to regulatory citations, it again confirmed that King's facilities were cited by multiple regulating agencies at a much lower rate than similar facilities statewide.

Are there areas to improve? Sure there are. And we've been working on them. One such area is related to the workforce.

Significantly, the report confirmed the quality and dedication of King's workforce. The ability of staff to persevere and deliver top-level care, despite the challenges faced by the skilled nursing industry both locally and nationwide, is a tribute to their skill and professionalism.

Just last week, one of our social workers in Stordock Hall, Jennifer Shaw, was recognized by the Wisconsin Nursing Home Social Workers Association as the Social Worker of the Year. We are so proud of Jen and her commitment to serving our members. And the thing is – she's not alone. King is full of employees with the same dedication to making King *home* for each and every member.

And yesterday, one of our King CNAs received a condolence letter from the daughter of a member. Yes, you heard that correctly. A daughter sent a condolence letter to her Dad's caregiver. That puts what really happens at King into perspective. I have their permission to share the letter with you as the daughter's words express a sentiment that we encounter daily in our homes:

From Sarah Fox, daughter of member Richard E. Bleskey, to certified nursing assistant Mary Holt:

Dear Mary,

I want to express how sorry I am for your loss. Truly you were Dad's family the last seven years, also to include all of his other caregivers. But I know he was special to you, your "Richie" and you were special to him as well. A simple "thank you" doesn't seem to even come close to the honor you deserve. I included you in his obituary but I don't think you would have seen it so I am including it in this card. Thank you for being a part of "Richie's" family and taking such wonderful care of him.

*God Bless,
Sarah Fox*

Thank you letters arrive daily and are exponentially more common than complaints, but unfortunately complaints are much more sensational, especially those select few that have some grounding in reality.

Our staff is extremely dedicated, but clearly, the largest personnel-related challenge facing King is the industry-wide shortage of nursing staff, specifically certified nursing assistants. It has caused overtime hours worked to increase significantly over the past few years. This has placed an unsustainable burden on the employees as well as the department budget. The report mentioned numerous initiatives we've employed to combat the CNA shortage, such as protecting new hires from mandatory overtime, increasing the number of weekends off for certified nursing assistants, hiring a nurse recruiter, and protecting days surrounding vacation from extra hours worked, to name a few.

We are also pursuing much more aggressive solutions. For example, many of our employees have young children, so we're working to develop a day care center on site for employees. We are also developing a pilot program to modify our campus nurse staffing model that will allow us to increase the number of professional care givers – specifically RNs – in a cost-neutral, cost-saving manner. As I've said previously, it is my focus to eliminate all mandatory overtime and reduce all voluntary overtime to acceptable, affordable levels as quickly and efficiently as possible without degrading or assuming risk with member care.

The shortage of CNAs contributes to other personnel issues, and these I've been actively working to address. In addition to initiatives I already mentioned, I directed establishment of the King's Round Table, a mechanism to gain input from staff. I have spent countless hours at King, equating to 36 working days, and have spoken personally with many of our employees. I've established an office at King, and my door is open and many employees and members have already taken advantage of my availability.

I have learned much through my immersion at King. I know precisely where the operation needs to go. I hope to have your bipartisan support as we move forward. Thank you again to the LAB and I look forward to addressing whatever questions you might have.