

Senate Bill 09-056
Senator Kester, Representative Riesberg
Concerning the Trinidad State Nursing Home
House Committee on Health and Human Services – March 23, 2009

What this legislation is about: Granting the Department of Human Services (DHS) authority to transfer ownership of the Trinidad State Nursing Home, and in connection therewith, assuring that the health care needs of the residents are met, and that proactive measures are taken to mitigate the impact on state employees. SB09-56 passed the Senate unanimously.

Purpose: SB09-056 would allow the Department of Human Services to transfer ownership of the Trinidad State Nursing Home to a public or private entity, and use the proceeds for to serve veterans at the State Veterans Homes. The Trinidad State Nursing Home has been operating at a loss for the past several years, with those losses being subsidized by the "Enterprise 505 Fund" that was created to enable the state and veterans nursing homes to operate as an "Enterprise" under the provisions of TABOR. The operating deficit at Trinidad is over \$95,000 per month, and neither the state general fund nor the 505 Fund are able to continue subsidizing that loss. There is an ongoing need for nursing home services in the Trinidad area, and nursing home professionals have indicated that a viable business plan can be implemented to continue those services under a different ownership. The Department has been collaborating with local officials and representatives from the Trinidad area to find a solution that will continue services and jobs, while addressing the fiscal crisis. Continued use of the 505 Fund could jeopardize the U.S. Department of Veterans Affairs (VA) per diem payments for veterans homes in Colorado.

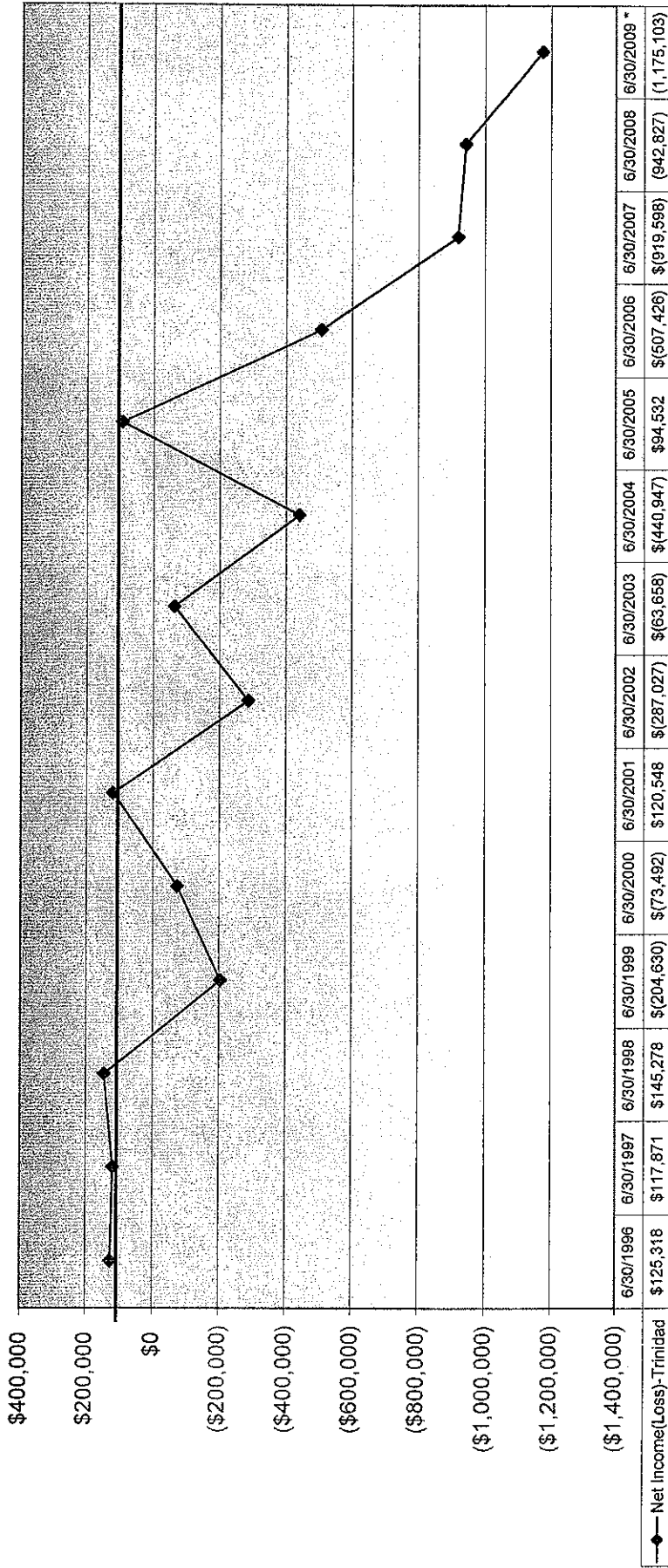
Background:

- The Trinidad State Nursing Home has lost \$4.0 million since 1999. This trend is projected to continue into the future.
- Because the Trinidad State Nursing Home and the four State-operated Veterans Nursing Homes are a cash-funded "Enterprise," the Trinidad fiscal deficit results in draining resources from the State Veterans Nursing Homes.
- It is estimated that the Trinidad State Nursing Home will require about \$1 million annually to subsidize its operating expenses. Those losses are being subsidized by the other Veterans Homes in the "Enterprise Fund." The amount of that subsidy is now so large that the State is at risk of losing the federal VA per diem for the Veterans Homes – which amounted to \$10,541,786 in FY 08. The per diem can be used only to provide care in certified Veteran Nursing Homes.
- In addition to posting continuous fiscal losses from operations, the Trinidad State Nursing home is in need of physical plant repair. The facility is over 50 years old, and has neither the income nor the general fund support to keep the buildings' physical condition compliant with current health care standards, life safety requirements and building codes. Estimates to fix the buildings are \$8.5 million.
- Ideally, the Trinidad Nursing Home would be transferred to a private or public nursing home operator who would take over the care of the clients currently residing at Trinidad, and continue the availability of nursing home services to residents in the Trinidad area.
- Trinidad has approximately 141 cash-funded FTE (many are part time). It is anticipated that many employees may obtain employment with the new owner. Additionally, the Department of Personnel and Administration layoff policies will be in place prior to a sale to mitigate negative impacts on State employees, including assisting employees in transferring to other state positions.

Trinidad State Nursing Home

YTD June 1996 thru YTD February 2009

13+ Year View



*Estimate FY 09 loss based upon actual results from 7/08-2/09
 Projected cumulative loss 1996 - 2009 = \$4,011,160

Early Legislative History of Trinidad State Nursing Home

Prior to the establishment of Medicaid and Medicare in the mid-1960s, responsibility for the care of older persons requiring assistance with daily living was primarily assumed by family, charitable organizations, counties or older persons themselves. Until the Trinidad State Nursing Home was created in the mid-1950s, the only facility operated by state government in Colorado for the care of older persons was for veterans and their wives or widows, located at Homelake near Monte Vista, and formerly named the "Soldiers' and Sailors' Home."

During the 1950's, the state legislature passed several bills to authorize up to seven additional homes for the aged, with the first of those homes in Trinidad. A "State Board of Control for State Homes for the Aged" was created in to oversee the purchase, construction and operation of these homes, including authority to issue anticipation warrants to cover such costs. Ultimately, only one home was created, the State Home at Trinidad. It has remained the only non-veterans nursing home owned and operated by the State of Colorado.

Five additional "State Veterans Nursing Homes" have been created since that time, each one separately authorized by state legislation and funded with the assistance of matching federal funds. The State Veterans Nursing Homes are located at Florence, Homelake, Rifle, Walsenburg, and Fitzsimons in Aurora.

The following summary of the early legislative history of the Trinidad facility is based on a - review of the Legislative Bill Digests for the 1953 through 1967.

1953

Senate Bill 93 (S 93) established an institution for the aged at Trinidad called the Colorado State Home.

S 196 created a State Board of Control for State Homes for the Aged, established eligibility criteria for care in the state homes, and provided for payments for care by the individual or county.

1954

S 9 authorized the issuance of anticipation warrants to finance the cost of construction, maintenance and operation of state homes for the aged, and provided that warrants were to be paid from fees and revenues received from the residents of any such home.

1957

House Bill 457 (H 457) appropriated \$199,560 to the Board of Control for the next fiscal year for the Colorado State Home at Trinidad.

S 47 established new eligibility criteria for admission to the State Homes, including a requirement of Colorado residency for at least 5 of the immediately preceding 9 years, and removed a requirement that the applicant not have sufficient means to provide self care in a private nursing home.

1959

S 210 authorized the Director of Institutions to select and purchase 7 sites for homes for the aged, subject to the approval of the Governor and the Board of Control. It specified that preference be given to veterans, their wives and widows, and that no new home be created until the first was completed, filled and self-sustaining.

1961

S 64 authorized the State Board of Control to issue anticipation warrants not to exceed two million dollars for the cost of additional construction and improvements to Trinidad.

1967

H 1184 changed the name from the “Colorado State Home” to the “Trinidad State Nursing Home.”