

STATE OF COLORADO

OFFICE OF THE LIEUTENANT GOVERNOR

130 State Capitol
Denver, Colorado 80203-1792
Phone: (303) 866-2087



Jane E. Norton
Lieutenant Governor

June 29, 2005

The Honorable Bill Owens
136 State Capitol
Denver, CO 80203

Dear Governor Owens:

The purpose of this letter is to transmit 12 recommendations of the Fitzsimons State Veterans Nursing Home (FSVNH) Accountability Committee (the "Committee") for your consideration, in your efforts to ensure that residents of FSVNH enjoy a high quality of life and receive superior medical care.

According to Executive Order B 007 04, the Committee met monthly from December 2004 to June of 2005. The Committee was charged with three objectives:

- a. Independently monitor Pinon Management's and the Department of Human Services' (the "Department") progress toward ensuring patient safety and financial viability at the FSVNH;
- b. ensure an adequate transition from Pinon Management to the Department of Human Services on June 30, 2005; and
- c. evaluate the impact proposed recommendations for improving conditions at FSVNH may have on other state veterans nursing homes.

Accordingly, the Committee reviewed the following specific qualitative and quantitative information:

- financial viability information (cash flow, budget, per diem rate, Medicaid eligibility determination processes, marketing efforts, audit results, monthly financials, performance against comparable facilities, census, payor mix);
- patient safety information (survey findings, occurrences reports, personnel updates for key positions, and key indicators/benchmarks/early warning systems implementation); and
- an extensive GAP analysis.

After careful consideration, it is the Committee's conclusion that there are certain core competencies unique to nursing home administration that are better suited to performance by the private sector. This has been affirmed by the effective public/private partnership that has been

established by the Department and the management company as evidenced by the fact that every performance metric has shown dramatic improvement during the contract period.

However, due to the recent increase in high acuity admissions and newly hired facility and division staff, the Committee recognizes that significant transition gaps remain including, but not limited to: lack of long-term care expertise at the facility and division level; lack of strategic planning; lack of full implementation of the key indicators (operations communication report, pre-survey process, financial management reporting tools); and inability to fill facility staff vacancies in a timely manner resulting in delays in building census and continued use of costly over-time.

The Committee is concerned that without coordinated, long-term care expertise and proven systems, conditions at FSVNH could erode.

In order to ensure long-term fiscal stability and patient safety, the Committee offers the following recommendations:

Recommendation 1: Implement a management company contract, through an open, competitive bid process, for specific duties administered by the division with oversight by an independent committee (see NOTE).

Recommendation 2: The management company contract shall have authority to help assure successful state and federal surveys, and fiscal and overall operational success of state veteran nursing homes. Furthermore, in order to help assure a unified, coordinated, and integrated management structure that is responsive to effective problem identification and resolution, the committee believes the management company selected through an open, competitive process should utilize a team approach of employed consultants rather than subcontracted, independent consultants to consistently cover the needs of all the state facilities.

Recommendation 3: The committee believes this public/private partnership is a successful model that could also benefit other state veterans nursing homes and should be instituted uniformly across all the state veterans nursing homes utilizing established, proven benchmark systems and standardized clinical systems and programs comparable to those that have been implemented at FSVNH.

Until these three long-term solutions are fully implemented, we recommend:

Recommendation 4: Continuation of this Committee by Executive Order extension, for oversight until the Fitzsimons State Veterans Nursing Home Advisory Board convenes.

NOTE: the Committee supported legislation sponsored by Representative Jahn to create an ongoing oversight committee for the Fitzsimons State Veterans Nursing Home. H.B. 1344 was passed during the 2005 legislative session and signed into law on May 26, 2005. H.B. 1344 will meet the intent of this recommendation.

Recommendation 5: A contract extension with the current management company at FSVNH.

The Committee believes the following additional recommendations will benefit all state veterans nursing homes as well:

Recommendation 6: Request that the State Personnel Board reconsider residency waivers for the Nursing Home Administrator and Admissions Coordinator positions.

Background: The Colorado Constitution requires applicants be a resident of the state in order to apply for jobs within state government. However, the State Personnel Board may grant a residency waiver based on a demonstration of unsuccessful in-state recruitment. Because of Fitzsimons' location, the competitive market increases the likelihood of losing qualified candidates to private facilities. A lack of qualified candidates within the State results in recruitment delays, as typically the State Personnel Board requires a demonstration of recruitment difficulties at the time of recruitment. The Committee recommended seeking a residency waiver prior to these positions becoming vacant.

Action Required:

- a) The Colorado Department of Human Services (CDHS) filed a request for residency waiver with the State Personnel Board. The CDHS Human Resources Director testified on behalf of CDHS at the meeting. In May, the Committee sent a letter of support for a residency waiver to the State Personnel Board. The State Personnel Board denied the request for a residency waiver for the Nursing Home Administrator and the Admissions Coordinator. The State Personnel Board indicated that it would reconsider the residency waiver should one of these positions become vacant or if CDHS could demonstrate a broad-based crisis similar to the general nursing crisis.

Responsible Party:

- a) CDHS Human Resources Director.

Recommendation 7: The Department of Personnel and Administration (DPA) should conduct a salary survey of professional nurses and implement that study as soon as practicable.

Background: The Fitzsimons Nursing Home is located in a competitive, metropolitan area wherein several other employees are competing for the small pool of qualified, professional nurses. The State's current compensation plan is not competitive with other employers with regard to nurses.

DPA is statutorily required to report any estimated costs as a result of salary studies to the Joint Budget Committee and the Governor's Office of State Planning and Budgeting. The results of salary studies are reported via an annual report published on August 1. The implementation date of such studies is July 1 of the following year unless the General Assembly passes a bill establishing a different implementation date. [Sections 24-50-110(1)(a), C.R.S., and 24-50-104(4), C.R.S.].

Action Required:

- a) DPA has agreed to complete a salary study for the nurse job classes. Such study will be completed by July 1, 2005.
- b) In order to implement the study earlier than July 2006, the Department believes a bill must be introduced and passed by the State legislature.
- c) DPA is seeking an informal legal opinion as to whether statute permits the Governor to expedite the process. If allowed, Governor Bill Owens should consider invoking his authority, as the inability to recruit/retain nurses has a direct impact on the safety and health of those persons within the care of CDHS. Any early implementation of the salary survey would require funding through the supplemental process or possibly through Section 24-50-110 (1)(c) which allows for limited operating expenses to be expended for personnel services.

Responsible Parties:

- a) DPA Job Evaluation/Compensation Team (Don Fowler/Travis Engelhardt)
- b) Elected member of the General Assembly (Representative Jahn)
- c) DPA Job Evaluation/Compensation Team in consultation with the Attorney General's Office and the CDHS HR Director.

Recommendation 8: Identify opportunities for enabling the State to loan or share other state or local government employees.

Background: The University of Colorado Health Sciences Center, University Hospital, and other State and local government agencies are located in the same general vicinity as the Fitzsimons Nursing Home. Rather than compete for resources, the Committee recommends sharing resources.

CDHS HR consulted with DPA about this recommendation. Jeff Wells, Executive Director of DPA and Paul Farley, Deputy Director of DPA, have completed an initial review of this option and report that a statutory change would be required. DPA has committed to further exploration.

Action Required:

- a) Seek an informal legal opinion of statute.
- b) Explore the possibility of a Memorandum of Understanding between Fitzsimons Nursing Home and the University of Colorado Health Sciences Center or other public agency to share or loan employees.

Responsible Parties:

- a) DPA in conjunction with the Attorney General's Office, along with CDHS HR Director.
- b) Representatives of DPA, the Fitzsimons Administrator/Fitzsimons, CDHS HR Director, UC-HSC HR Director or HR Director of other public agency.

Recommendation 9: Expedite Screening of Job Applications.

Background: Hiring at the Fitzsimons Nursing Home must occur in accordance with constitutional and statutory requirements and pursuant to State Personnel Board Rule and State Personnel Director's Procedures. HR resources devoted to Fitzsimons have been limited due to

other departmental needs. This has contributed to delays in the hiring of positions at the nursing home.

Action Required:

- a) Fitzsimons will fund 1.0 FTE to the CDHS HR Division for the purpose of providing HR services to the nursing home (as its sole customer), focusing in the areas of recruitment, selection and job evaluation. Recruitment for this position has begun.
- b) CDHS HR has hired a staff member to provide consultation and services in the area of progressive discipline, personal services contracts and other employment matters. This allows the Fitzsimons HR staff member to focus solely on hiring and job evaluation processes and provides Fitzsimons with consultation in other areas that is consistent with the department. HR will not assign additional duties to this position (such as review of disciplinary actions) to ensure that the focus of the assignment is screening/testing applicants.
- c) CDHS HR will continue to allow expedited hiring of nurses, including instant on-site interviews and conditional job offers pending application review and background check.
- d) CDHS HR will continue to allow Fitzsimons to accept applications on site. Fitzsimons liaison will fax such applications to CDHS HR within one business day. Fitzsimons liaison will ensure that all relevant information is obtained from the applicant (e.g., signature on application, background forms, etc.)
- e) In general, when creating a new position or changing an existing position, Fitzsimons Nursing Home will provide to HR a new job description within 5 business days. Fitzsimons will review HR documents (e.g., job announcements, newspaper ads, etc.) within one business day of date received by HR. Fitzsimons will schedule interviews of candidates within one week of the date the referral is received by HR.
- f) In general, Fitzsimons HR Specialist will review applications within one business day of the date the job posting closing. HR Specialist will send accept/reject letters within two business days of job posting closing; will schedule exam within one week's time; and will score exam and send referral within one business day of the exam.
- g) Fitzsimons HR Specialist will develop an exam bank so that tests are at the ready when vacancies occur; Specialist will begin working on exam plan during the recruitment period to avoid delays.
- h) Fitzsimons will assist HR Division with pre-screening of applications on positions with particularly complex qualifications to avoid delays during the screening process.
- i) Fitzsimons will ensure that all approvals and paperwork are completed promptly and prior to referral. Fitzsimons will prioritize its staffing needs and continue weekly meetings with the HR specialist.

- j) Fitzsimons and HR Specialist will jointly review qualifications and job class to ensure the right type of applicant is recruited to avoid re-announcing positions.

Responsible Parties:

- a) CDHS HR Division and Fitzsimons Nursing Home
- b) CDHS HR Division and Fitzsimons Nursing Home
- c) CDHS HR Division and Fitzsimons Nursing Home
- d) CDHS HR Division and Fitzsimons Nursing Home personnel liaison
- e) Fitzsimons Nursing Home
- f) CDHS HR Division
- g) CDHS HR Division
- h) CDHS HR Division and Fitzsimons Nursing Home
- i) Fitzsimons Nursing Home
- j) CDHS HR Division and Fitzsimons Nursing Home

Recommendation 10: Expedite the Medicaid Eligibility Determination Process.

Background: A Joint Quality Assurance (QA) Review was recommended to speed up the Medicaid eligibility process and to improve timeliness and accuracy. The AP 5615 form may be one of the main causes for delayed processing of Medicaid applications. This form is being examined to see if it is possible to remove it from the process. Also, sanctions may be placed on counties if applications are not processed within required time frames.

Action Required:

- a) Rule Change – Long-term Care (LTC) Eligibility QA Review
 - 1) Department of Health Care Policy & Financing (HCPF) and DHS conduct a joint onsite QA review of LTC eligibility cases to determine:
 - i) Timeliness of processing eligibility determination (45 day rule)
 - ii) Accuracy of application completion
 - 2) Determine from review technical assistance/training needed for county staff to be able to process applications timely and accurately.
 - 3) Follow up QA visit to determine continued compliance status for timeliness and accuracy of eligibility determination.
 - 4) Corrective action to be issued if eligibility determination status continues to be non-compliant
 - 5) Corrective action monitored
 - 6) If corrective action fails to result in compliance:
 - i) State staff, or contractors, will process applications at eligibility site.
 - ii) County is responsible to pay for outside staff, or contractors, required to process applications.
 - 7) Depending on severity of compliance issues, monetary penalties may be applied for continued poor performance. (Example: withhold some administrative monies.)

Responsible Parties:

- a) Department of Health Care Policy & Financing

- b) Department of Human Services

Timeline:

- a) Re-write Rule – 2 months
- b) MSB Approval – 3 months
- c) Develop QA process, obtain stakeholders input, train staff, issue notification to counties, layout timelines for QA visits and implement – 5 months

Action Required:

- b) Rule Change – AP 5615
 - 1.) Develop new process for nursing facilities to record the patient payment and submit claims for services rendered.
 - 2.) Develop new process for completion of prior authorization for approval of payment to the nursing facility when LTC eligibility is determined.

Timeline:

- a) Develop replacement process obtaining stakeholders input.
- b) Re-write Rule – 2 months
- c) MSB Approval – 3 months
- d) Issue notification to stakeholders, train stakeholders and implement process- 5 months

Responsible Parties:

- a) Health Care Policy and Financing

Recommendation 11: Continue to utilize the “Key Indicator System” at Fitzsimons.

Background: Pinon Management’s “Key Indicator System” is working and appears to be the best way to help prevent future violations at the home. The system ensures that all requirements are met before surveys and helps determine areas of improvement needed and also allows for continuous improvement processes.

Action Required:

- b) John Johnson and Gary Kotz will develop a plan to maintain the use of this system at Fitzsimons.

Responsible Parties:

- b) John Johnson, Director, Division of State and Veterans Nursing Homes
- c) Gary Kotz, Fitzsimons Nursing Home Administrator

Recommendation 12: Recognizing that the 505 Fund is not a viable long-term funding source at this time, the Committee acknowledges that these recommendations will require new resources, the Accountability Committee supports a Colorado Department of Human Services FY 2005-06 supplemental request for State General Fund to implement the Accountability Committee’s recommendations for a management company contract.

Background: The Fitzsimons Accountability Committee requested Pinon Management conduct a gap analysis of the existing capacity for oversight and monitoring. The April 5, 2005 “Transition

Plan Gap Analysis” prepared by Pinon and submitted to the Fitzsimons Accountability Committee recommends the Department fill identified gaps in the management of all State and Veterans Nursing Homes, with specific recommendations for Fitzsimons. The gaps identified by Pinon, and estimated annual costs to implement the Committee’s recommendations, are identified in the table below.

Gap Analysis Need	Est. Annual Cost	Notes / Assumptions
Management Contract	Depends on responses to RFP; could cost approximately \$1.6M.	Industry standard rates are from four to six percent of facility gross revenue. This estimated figure is based on estimated gross revenue at the five state-operated homes. This figure does not factor in efficiencies that a management company should realize, nor does it assume improvements in census, revenue, Medicaid rate, expense control, etc. that should off-set long-term operating costs.
Management Company Liability Insurance Premiums	\$494,400	Assumes \$800 per bed x 618 beds. Additional research should be done to potentially decrease this cost due to the State’s share
VA Project Officers (2 FTE)	\$160,000	The federal Veterans Administration requires a 1.0 FTE Project Officer at state homes that are contract operated. This position would share collateral duties.
Division Finance Officer (1.0 FTE)	\$0	State FTE needed to: 1-Provide immediate budgetary, contracts management, & financial support to the Division; 2- Oversee development & implementation of Executive and Legislative branch recommendations & decisions concerning management of the state-operated nursing homes; 3- monitor fiscal performance of state or contract operated homes and integrate COFRS This State position would work with the management contract Field Analyst for facility-specific fiscal oversight &

		<p>recommendations</p> <p>This cost included in current Division budget from the 505 Fund.</p>
Marketing Director (contract)	\$0	<p>Contract services needed immediately to improve census & marketing plans at each of the state-operated homes. This would be a time-limited contract with the purpose of completing a market niche analysis & strategic marketing plan for each facility to implement for census development (cost estimate assumes 40/hr/wk for up to 4 mo. at \$32/hr). This service later included within management contract.</p>
Reimbursement Specialist (contract)	\$0	<p>Dependent upon having a management contract in place, these services will be needed beginning approx 8/1/05. The Division will contract with either a LTC consulting firm or a CPA specializing in LTC accounting to prepare the Division cost reports for the period ending 6/30/05. This service would be included within a management contract.</p>
Clinical Consulting Services (contract)	\$0	<p>The management contract would provide experienced LTC QI nurse oversight and would include the following services:</p> <ol style="list-style-type: none"> 1- conduct pre-surveys at all SVNH including FSVNH; 2- develop standardized nursing policies and procedures; 3- develop a standardized QI reporting and monitoring system; 4- provide QI training to Division nursing staff
Activities, Dietary, Social Services consulting	\$0	<p>A management contract would provide qualified consultants for these services.</p>
State employed QI Nurse	\$0	<p>The State has hired a full-time QI Nurse. This individual (along with the Division Director) would act as</p>

		the State Clinical Nurse liaison to the management company clinical consultative services to ensure a collaborative relationship & a partnership between the two entities.
ESTIMATED TOTAL	\$2.254 million	

Action Required:

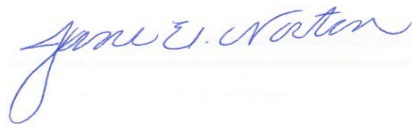
- a) Obtain support of the Governor’s Office to submit a supplemental request to the Joint Budget Committee for a FY 2005-06 General Fund appropriation to the CDHS, Division of State and Veterans Nursing Homes, to implement the Accountability Committee’s recommendations, recognizing that the above costs are only estimates and that future circumstances might dictate changes in the requested amount.
- b) Prepare the request and submit to the Governor’s Office of State Planning and Budgeting in November 2005, and to the Joint Budget Committee for consideration in January 2006.

Responsible Parties:

- a) Members of the newly created Fitzsimons State Veterans Advisory Board; CDHS senior management
- b) CDHS SVNH Division and OBHH staff; CDHS Budget Office

On behalf of the Fitzsimons State Veterans Nursing Home (FSVNH) Accountability Committee, I would like to express our appreciation for the opportunity to review, evaluate and recommend solutions for improving conditions at FSVNH and our other state veterans nursing homes in an effort to strengthen services and provide support for Colorado veterans. Per Executive Order B 007 04, the enclosed recommendations are hereby submitted with the unanimous approval of Fitzsimons State Veterans Nursing Home (FSVNH) Accountability Committee members.

Sincerely,



Jane E. Norton
Lt. Governor/ Committee Chair

Representative Cheri Jahn
House District 24
Colorado State Legislature

Randall Hoffman
Secretary, Board of Veterans Affairs
President, 101st Airborne Association

Henry Sobanet
Director
Office of State Planning and Budgeting

Marvin Meyers
Chair, Legislative Committee,
Past President, United Veterans Committee
of Colorado

Youlon Savage
Chair, Colorado State Board of Human Services

David Rivera
former Senior Policy Advisor, Policy &
Initiatives, Office of Governor Bill Owens
Insurance Commissioner

Non-voting Member:

Marva Livingston Hammons (ex-officio)
Executive Director
Colorado Department of Human Services

Non-Voting Staff Members:

Dennis Winn
Health Facilities and Emergency Medical Services Division
Colorado Department of Public Health and Environment

Kirby Stone
Nursing Facilities Section Manager, Long Term Benefits Division
Colorado Department of Health Care Policy and Financing

John Daurio
Manager, Office of Adult, Disability and Rehabilitation Services
Colorado Department of Human Services

Attachments: [Gap Analysis Executive Summary](#)
[CDHS Executive Summary Response](#)
[Pinon Management Comments to CDHS Executive Summary Response](#)