

**D55P00**  
**Department of Veterans Affairs**

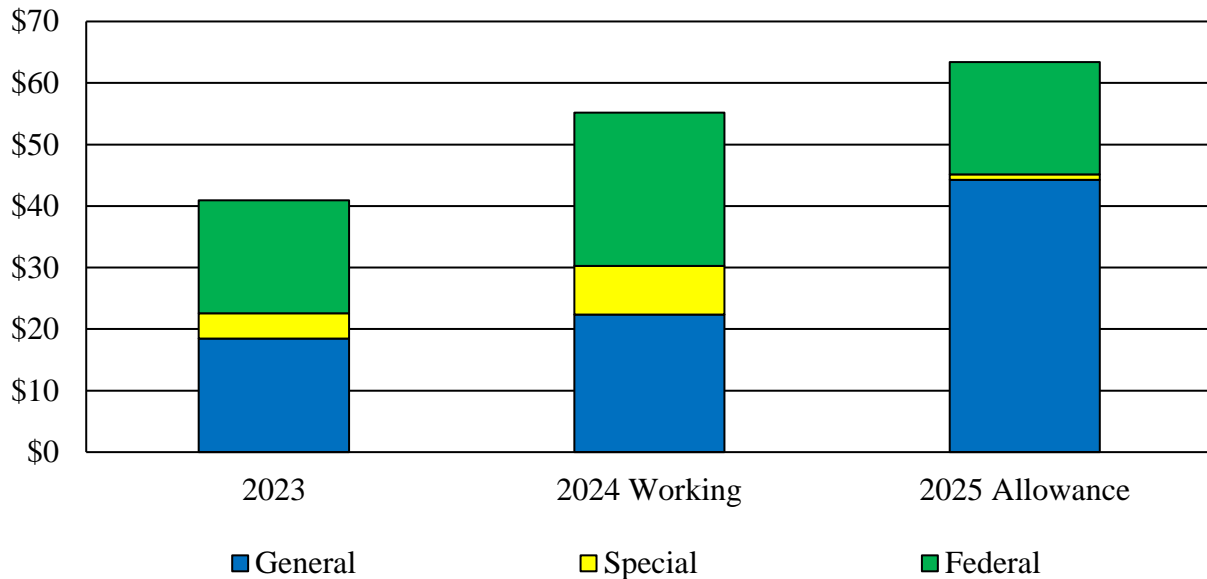
**Program Description**

The Maryland Department of Veterans Affairs (MDVA) delivers services and programs to assist Maryland’s veterans, their families, and survivors in obtaining State, federal, and local benefits provided by law in recognition for their service. MDVA also assures the quality maintenance of veterans’ cemeteries and memorials to honor Maryland’s veterans. MDVA also manages Charlotte Hall Veterans Home (CHVH), an assisted-living and skilled-nursing facility for veterans and their eligible spouses who are unable to care for themselves due to disability or advancing age or who have requirements for nursing home care. Additionally, MDVA engages in public awareness and outreach to veterans, their families, and other stakeholders throughout the State to further engage and encourage statewide participation in addressing problems faced by Maryland’s veterans.

***Operating Budget Summary***

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**Fiscal 2025 Budget Increases \$8.2 Million, or 14.9%, to \$63.4 Million**  
(\$ in Millions)



Note: The fiscal 2024 working appropriation includes deficiencies and targeted reversions. The fiscal 2024 impacts of statewide salary adjustments appear in the Statewide Account in the Department of Budget and Management (DBM), and adjustments are not reflected in this agency’s budget. The fiscal 2025 impacts of the fiscal 2024 statewide salary adjustments appear in this agency’s budget. The fiscal 2025 statewide salary adjustments are centrally budgeted in DBM and are not included in this agency’s budget.

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## **Fiscal 2024**

### **Proposed Deficiency**

The fiscal 2025 budget includes four proposed fiscal 2024 deficiency appropriations totaling approximately \$6.5 million for MDVA, which include;

- \$4.4 million in special funds, which includes \$1.8 million available from interment fees for the eligible dependents of the veteran in the Cemetery Program for equipment, \$1.1 million from gifts and bequests for CHVH, and \$1.6 million from the Bed Lease Fund, available from the previous contract for the Veterans Home Program for facility upgrades and repairs at CHVH as well as for replacement of capital equipment, supplies, and protective equipment, and \$13,551 available for the Service Animal Program due to available fund balance.
- \$2.1 million in federal funds, which includes \$901,926 in the Cemetery Program for equipment and \$1.2 million in the Veterans Home Program for facility upgrades and repairs at CHVH as well as for replacement of capital equipment, supplies, and protective equipment.
- \$270,000 in special funds from interment fees for the eligible dependents of the veteran in the Cemetery Program for equipment, replacing the same amount of general funds.

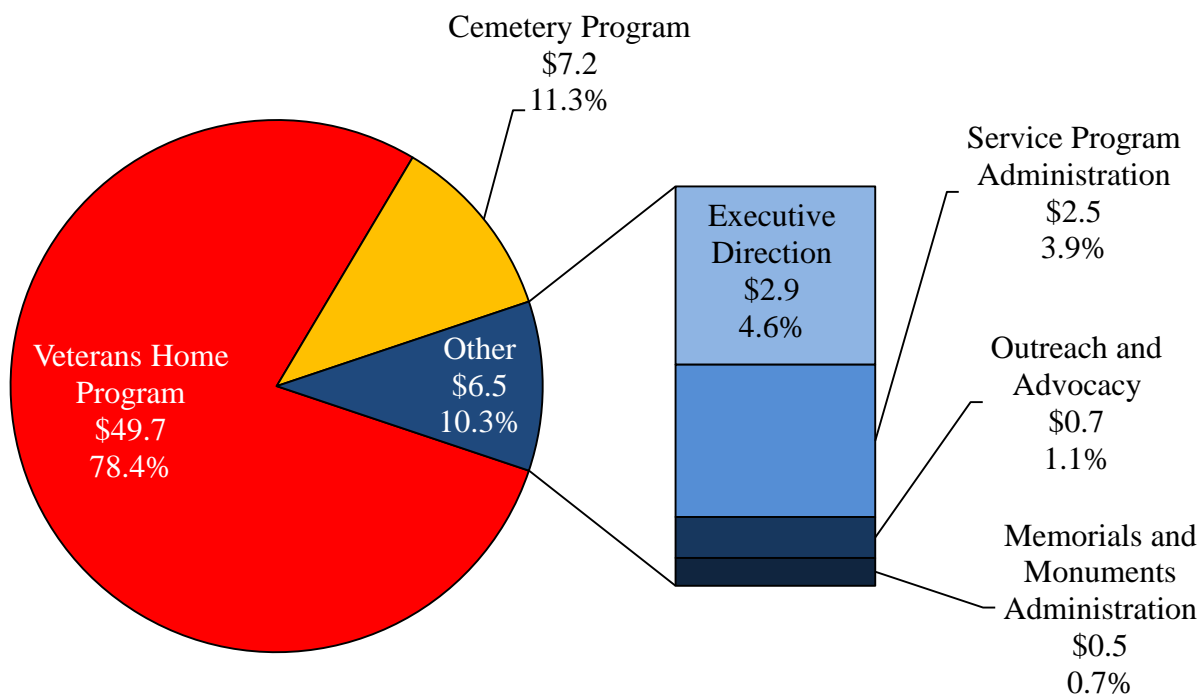
### **Planned Reversions**

There was substantial uncertainty around the cost of a new contract during the 2023 session, and Supplemental Budget No. 2 to the fiscal 2024 budget included \$12.7 million in general funds for the procurement of a new contractor. Governor Wes Moore’s fiscal 2025 budget plan assumes a reversion of \$4.5 million due to the takeover of CHVH by a new contractor with new financial implications. **MDVA should discuss the reason for the planned reversion, given the substantial increase in funds budgeted in fiscal 2025.**

## **Fiscal 2025 Overview of Agency Spending**

As shown in **Exhibit 1**, the fiscal 2025 allowance for MDVA totals \$63.4 million. The management and operation of CHVH accounts for 78.4% of the total fiscal 2025 allowance. Within the \$49.7 million of funding in the fiscal 2025 allowance for CHVH, \$47.5 million (95.5%) is used for the contractual services for managing and providing care to veterans at the facility. The fiscal 2025 allowance also includes \$7.2 million for the cemetery program, which supports the five veterans’ cemeteries across Maryland that provide final resting places for veterans, National Guardsmen, reservists, and their eligible dependents.

**Exhibit 1**  
**Overview of Agency Spending**  
**Fiscal 2025 Allowance**  
**(\$ in Millions)**



**Total Expenditure = \$63.4 Million**

Note: The fiscal 2025 statewide salary adjustments are centrally budgeted in the Department of Budget and Management are not included in this agency's budget.

Source: Governor's Fiscal 2025 Budget Books

**Proposed Budget Change**

As shown in **Exhibit 2**, the fiscal 2025 allowance of MDVA increases by \$8.2 million compared to fiscal 2024 working appropriation adjusted for the proposed deficiency appropriations and the planned reversion. This is primarily due to the change in the structure of CHVH's management contract and its associated repair and maintenance costs.

**Exhibit 2**  
**Proposed Budget**  
**Department of Veterans Affairs**  
**(\$ in Thousands)**

<b>How Much It Grows:</b>	<b><u>General</u> <u>Fund</u></b>	<b><u>Special</u> <u>Fund</u></b>	<b><u>Federal</u> <u>Fund</u></b>	<b><u>Total</u></b>
Fiscal 2023 Actual	\$18,443	\$4,132	\$18,381	\$40,956
Fiscal 2024 Working Appropriation	22,366	7,891	24,926	55,183
Fiscal 2025 Allowance	<u>44,247</u>	<u>904</u>	<u>18,263</u>	<u>63,414</u>
Fiscal 2024-2025 Amount Change	\$21,880	-\$6,987	-\$6,663	\$8,230
Fiscal 2024-2025 Percent Change	97.8%	-88.5%	-26.7%	14.9%
<b>Where It Goes:</b>				<b><u>Change</u></b>
<b>Personnel Expenses</b>				
Salary increases and associated fringe benefits including fiscal 2024 COLA and increments.....				\$583
Costs associated with 3.0 new positions .....				290
Reclassification for improvement and realignment of compensation in the Cemetery Program.....				90
Worker’s compensation.....				-13
Turnover increases from 4.11% to 5.26% .....				-111
<b>Charlotte Hall Veterans Home</b>				
New management contract with PruittHealth Veteran Services Maryland Inc. for CHVH, accounting for the planned reversion .....				13,457
CHVH general information technology maintenance .....				222
Maryland Environmental Service charges for CHVH .....				129
CHVH and cemetery building repairs, including access roads .....				59
Mock survey of CHVH for State survey preparedness .....				-60
<b>Other Changes</b>				
Cost allocations, mainly driven by DoIT cost allocations.....				200
Insurance coverage paid to the State Treasurer’s Office.....				140
Professional consultancy for strategic direction in renovating CHVH facilities.....				80
Equipment rental including repairs and maintenance .....				28
Costs associated with a net of 6.25 FTE contractual positions after the elimination of 1.25 FTE positions.....				25
Loan repayment for energy conservation measures and improvements under the Jane E. Lawton Conservation Loan Program .....				-22

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<b>Where It Goes:</b>	<b><u>Change</u></b>
Office supplies and materials including \$25,000 for the proposed name change from the Department of Veterans Affairs to the Department of Veterans and Military Families .....	-\$30
Administrative hearings .....	-31
Fewer vehicle purchases.....	-35
Contracted turf care for veterans’ cemetery grounds maintenance .....	-41
Installment payments to the Treasurer’s Equipment Lease Purchase program to finance new furniture for CHVH and for grounds equipment for the cemeteries .....	-100
Perpetual care of burial sites in the Cemetery Program .....	-116
Office supplies and other equipment.....	-179
Supplies, equipment, land, and structures, primarily due to the one-time deficiency appropriation for equipment in the Cemetery Program and for facility upgrades at CHVH, based on available special, federal, or both fund balances .....	-6,507
Other expenses .....	171
<b>Total</b>	<b>\$8,230</b>

CHVH: Charlotte Hall Veterans Home  
 COLA: cost-of-living adjustment  
 DoIT: Department of Information Technology  
 FTE: full-time equivalent

Note: Numbers may not sum to total due to rounding. The fiscal 2024 working appropriation includes deficiencies. The fiscal 2024 impacts of statewide salary adjustments appear in the Statewide Account in the Department of Budget and Management (DBM), and adjustments are not reflected in this agency’s budget. The fiscal 2025 impacts of the fiscal 2024 statewide salary adjustments appear in this agency’s budget. The fiscal 2025 statewide salary adjustments are centrally budgeted in DBM and are not included in this agency’s budget.

***Personnel Data***

	<b><u>FY 23</u></b> <b><u>Actual</u></b>	<b><u>FY 24</u></b> <b><u>Working</u></b>	<b><u>FY 25</u></b> <b><u>Allowance</u></b>	<b><u>FY 24-25</u></b> <b><u>Change</u></b>
Regular Positions	119.00	122.00	125.00	3.00
Contractual FTEs	<u>8.90</u>	<u>7.50</u>	<u>6.25</u>	<u>-1.25</u>
<b>Total Personnel</b>	<b>127.90</b>	<b>129.50</b>	<b>131.25</b>	<b>1.75</b>

***Vacancy Data: Regular Positions***

Turnover and Necessary Vacancies, Excluding New Positions	6.42	5.26%
Positions and Percentage Vacant as of 12/31/23	16.00	13.11%
Vacancies Above Turnover	9.58	

- The fiscal 2025 allowance reflects 3 new regular positions, which include a communications director that is responsible for advancing public awareness of MDVA, a dedicated accountant to assist the management of the Veterans Trust Fund’s financial operations, and an administrative aide to the Office of the Secretary. The administrative aide position is a conversion of 1 contractual full-time equivalent (FTE) to a regular position. Additionally, the fiscal 2025 allowance eliminates a part-time contractual FTE.
- As of December 31, 2023, MDVA had 16 vacant positions, which is 9.6 vacancies over the number needed to meet its budgeted turnover. Of the vacant positions, 12 (75%) are within the cemetery program, 7 of which are veterans’ cemetery caretaker positions. **MDVA should comment on the high vacancy rate and its efforts to fill these vacancies.**

## ***Key Observations***

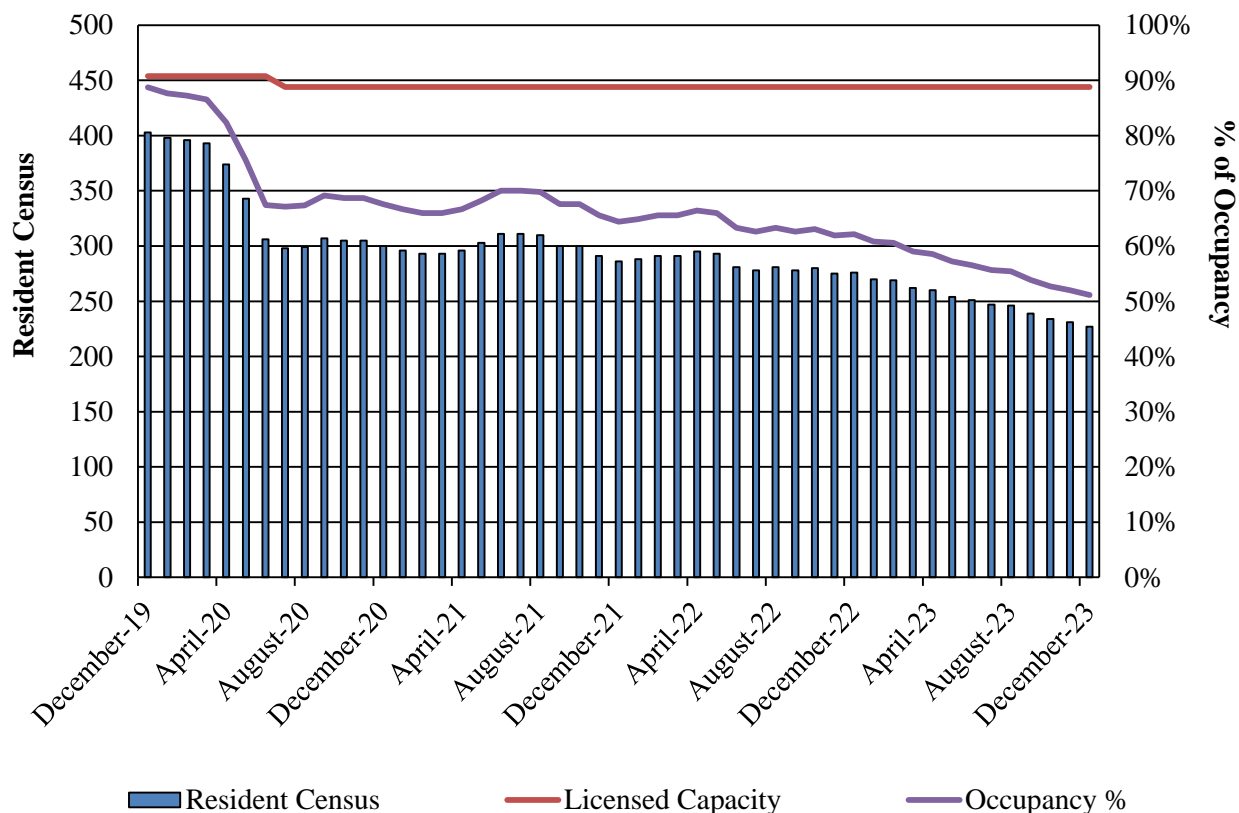
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### **1. Charlotte Hall Veterans Home Under New Management Contract, Continues Operating Under Capacity**

CHVH, which opened in calendar 1985, is a State-owned, long-term health care facility in St. Mary's County offering assisted-living and skilled-nursing care for eligible veterans and their spouses who are unable to care for themselves due to disability, advancing age, or who have requirements for nursing home care. Clinical care and health care management at CHVH are provided by a private contractor but are overseen by the director and other MDVA staff. The home provides shelter, sustenance, medical care, and the social services necessary to maintain the residents' quality of life. PruittHealth Veterans Services – Maryland (PHVSM) assumed the operational responsibilities of CHVH on June 6, 2023. MDVA and PHVSM prioritized a smooth and seamless transition of operations of the facility that would minimize the impact on the veterans in their Maryland home and the dedicated staff who provide care.

Unfortunately, like many other nursing homes and elder care facilities in the State, CHVH was hit particularly hard by the COVID-19 pandemic. CHVH has struggled with a low resident census levels since the beginning of the COVID-19 pandemic when the home was unable to admit new residents; faced fatalities as a result of the disease; and experienced a hesitancy of families to admit family members due to concerns around health, safety and ability to visit. As shown in **Exhibit 3**, the occupancy rate has declined from 403 residents, or 89% of capacity in December 2019, to 227 residents, or 51% of capacity in December 2023. In a response to committee narrative in the *2023 Joint Chairmen's Report (JCR)* regarding CHVH, MDVA noted that admissions to CHVH were paused in April 2023 to ensure that residents received the best care possible while MDVA contracted with Resident Safety Advocates and Wellness Nurses to conduct assessments and observe the implementation of the previous contractor's plan of correction. CHVH began readmitting residents on November 30, 2023, five months after the change in the management contract in June 2023. MDVA notes that the new management contractor prioritized replacing third-party temporary nursing staff with permanent hires, which has impacted the rebuilding of the census. **MDVA should comment on how its outreach activities can help increase CHVH's occupancy rate and other actions that the agency is taking to improve the occupancy rate.**

**Exhibit 3  
CHVH Resident Census  
December 2019 to December 2023**



CHVH: Charlotte Hall Veterans Home

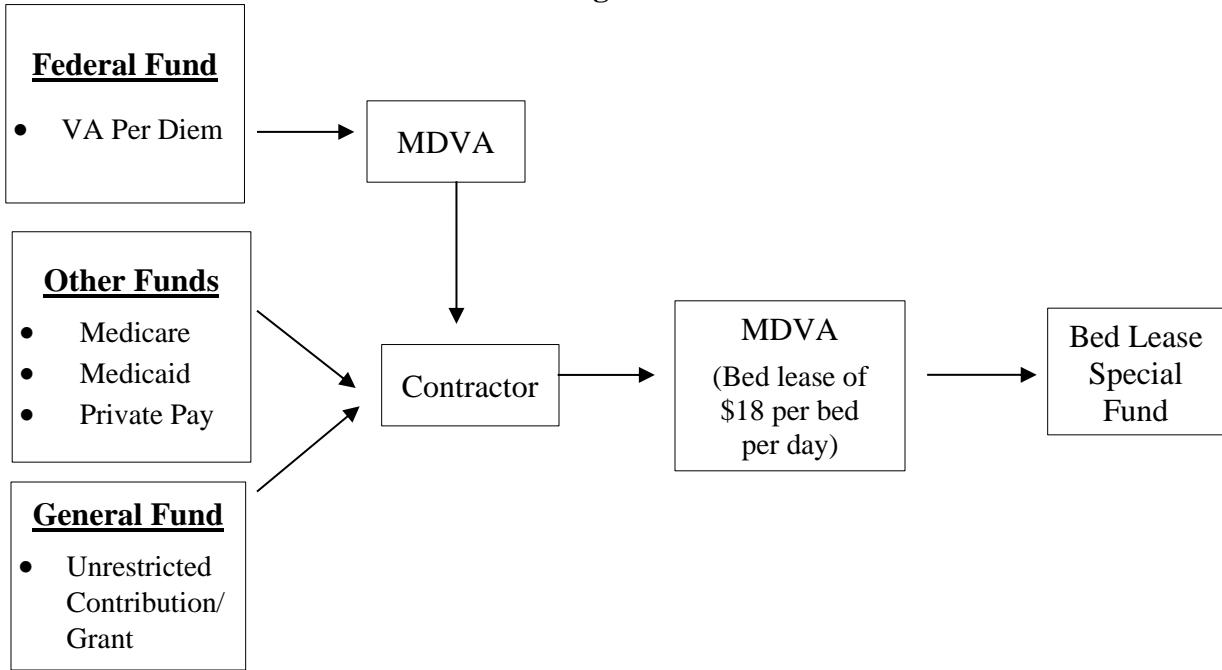
Source: Maryland Department of Veterans Affairs; Department of Legislative Services

The financial provisions of the new management contract with PHSVM do not resemble those of the old contract. Starting June 2023 through fiscal 2024, federal per diem reimbursement from the U.S. Department of Veterans Affairs (VA) and new funding streams from Medicare, Medicaid, and private pay are sent to MDVA. The Medicare, Medicaid, and private pay revenues are all new to MDVA effective with the new contract. The State directly reimburses PHVSM for its monthly operating expenses, approved capital expenditures, and management fee of \$36 per day per filled bed. In fiscal 2025, the Medicare, Medicaid, and private pay revenues are deposited in the General Fund, and the State pays the contractor for expenses through general fund expenditures. **Exhibit 4** shows the old funding model with the now terminated prior contract and also illustrates the fiscal 2024 transition and fiscal 2025 funding flows.

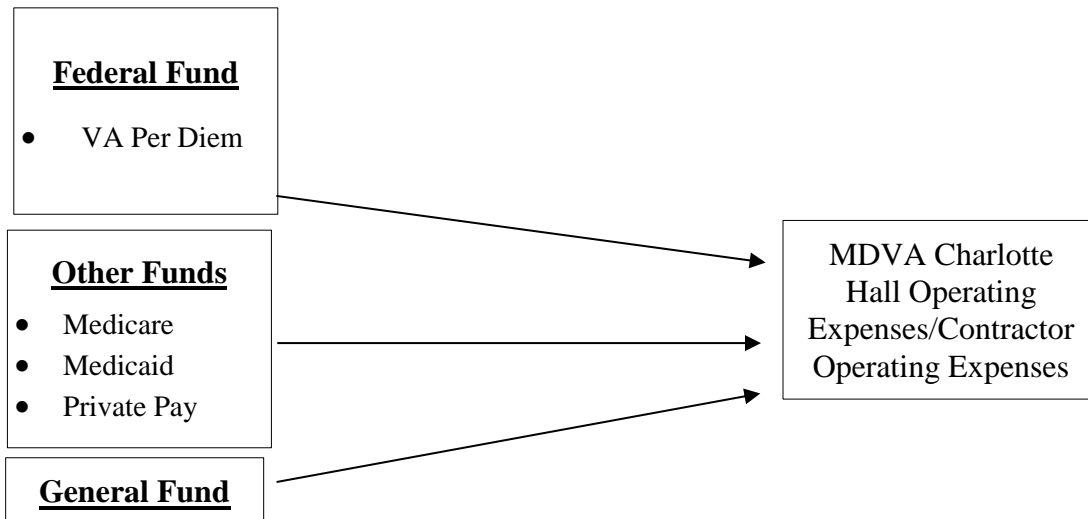


**Exhibit 4  
Comparison of Funding Models**

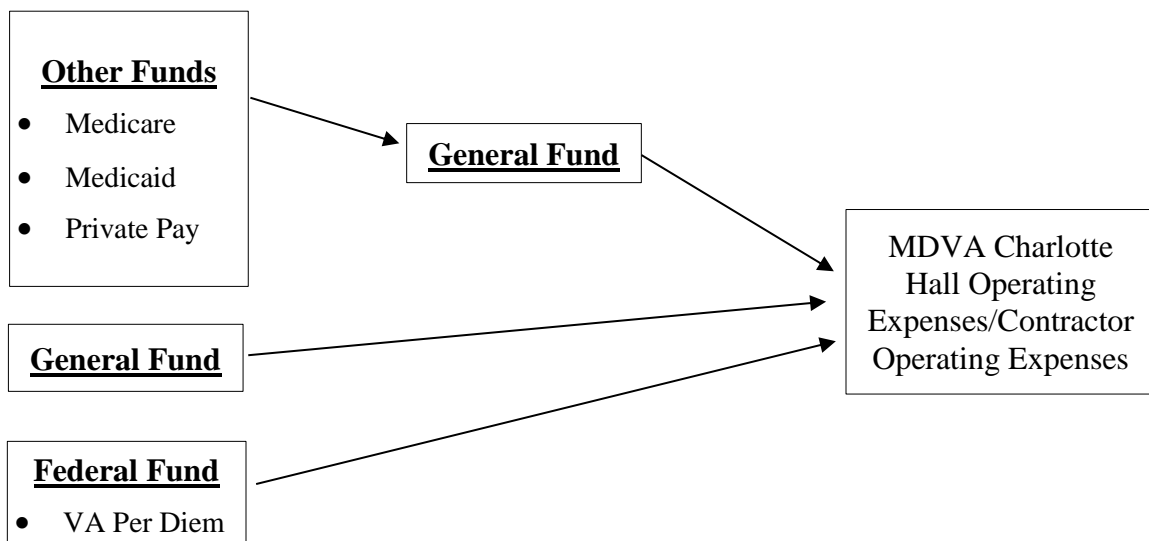
**Old Funding Model**



**New Funding Model starting June 2023 through Fiscal 2024**



### New Funding Model for Fiscal 2025



MDVA: Maryland Department of Veterans Affairs  
VA: U.S. Department of Veterans Affairs

Source: Maryland Department of Veterans Affairs

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The committee narrative in the 2023 JCR also requested quarterly updates on CHVH staffing and federal ratings. MDVA reported in the most recent quarterly report as of December 15, 2023, that the staffing levels continue to improve since PHVSM took over the facility management in June 2023. Although there are no specific federal requirements for staffing, State law requires a nursing home to “employ supervisory personnel and a sufficient number of support personnel to provide a minimum of 3 hours of bedside care per occupied bed per day, 7 days per week.” MDVA notes that the hours of direct care provided per resident per day (PPD) have increased from 3.7 hours PPD in June 2023 to 4.7 hours PPD in November 2023.

As of November 30, 2023, CHVH received an overall rating of one star in the federal Centers for Medicare and Medicaid Services (CMS) report, with health inspections receiving one star, quality measures receiving two stars, and staffing receiving four stars. **MDVA should comment on its strategies to improve its overall rating.**

The submitted reports also list information on the complaints from veterans or residents of CHVH from June 6 to November 30, 2023. There were 35 complaints within said period. Of these 35 complaints, 19 were allegations of abuse, 7 were allegations of misappropriation, 3 were allegations of neglect, and the remaining allegations were of resident-to-resident abuse, missing television channels, and poor communication. None of the complaints in the CMS report resulted a rating or fine.

Pursuant to Section 19-14C-02(a)(1) and (2) of the State Government Article, two survey reports were submitted on November 7, 2023. The first survey report was an annual recertification survey for all of CHVH's skilled-nursing and assisted-living facilities, conducted by the VA Office of Geriatrics and Extended Care of the Veterans' Administration on August 21 through August 24, 2023. There were no findings of immediate jeopardy or harm to CHVH residents. A few areas needing improvements at the facility were identified, including the untimely distribution of deceased residents' funds and accounting; untidy and unclean areas; errors in administering correct individualized care plans; the lack of documentation relating to fire/smoke, emergency power, and annual State Fire Marshall inspections; and the failure to properly notify VA of an operator change. Corrective actions for all of these deficiencies have been taken.

The second survey report was a three-year lookback survey of the Resident Trust Fund accounts and systems at CHVH that was conducted by the State of Maryland Office of Healthcare Quality from September 25 through September 27, 2023. No major issues were identified. A few deficiencies relating to the lack of records or evidence were identified, which were largely the result of the previous provider. PHVSM addressed and corrected all of the deficiencies.

**The Department of Legislative Services (DLS) recommends adopting committee narrative requesting the continued submission of quarterly reports in collaboration with the CHVH contractor on the progress of CHVH's operations, including efforts to increase staffing and residency numbers; number of resident complaints; and report, rating, or fine from CMS.**

## **2. Maryland Department of Veterans Affairs' Veteran Employment Efforts**

MDVA has a goal of contacting service members transitioning out of the armed forces into private civilian life to educate them on how to claim and utilize their earned benefits as well as other opportunities that the State has available. The committee narrative in the 2023 JCR requested a report on MDVA's efforts to contact service members during their transition to civilian life, MDVA's plans to expand the job pipeline for veterans, existing partnerships with State entities, and hiring programs for veterans in neighboring states.

MDVA notes that it shares information on job fairs in its biweekly electronic newsletter and digital media channels. In fiscal 2023, according to its Managing for Results submission, the department distributed 2.5 million newsletters. The 2023 JCR report indicates that MDVA is exploring relaunch of Operation Hire Maryland, the 90-day veterans hiring challenge led in calendar 2014 by the department's outreach program director. **The agency should comment on the status of the relaunch of this initiative.**

The 2023 JCR report also states that MDVA continues to work with the Department of Budget and Management Recruitment and Examination Division to highlight State jobs for veterans, including the Maryland Department of Health; the Department of Commerce; and the Governor's Office of Small, Minority, and Women Business Affairs, which are close employment-related partners to MDVA. Any employment-related information received from the State partners

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are shared by the department via electronic newsletter, social media postings, and emails to community partners and county veteran commissions.

## ***Operating Budget Recommended Actions***

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1. Adopt the following narrative:

**Quarterly Reports on Charlotte Hall Veterans Home (CHVH) Facility Operations, Staffing, and Federal Ratings:** The Maryland Department of Veterans Affairs (MDVA) oversees the operation of CHVH, the only assisted-living and skilled-nursing care for veterans and their spouses in the State. The committees are interested in how the new management contractor operates CHVH and its efforts on increasing staffing and residency numbers. Additionally, the committees are concerned with low ratings from the federal Centers for Medicare and Medicaid Services (CMS) surrounding nursing home facility performance. The committees request that MDVA submit quarterly reports in collaboration with the CHVH contractor on the progress of CHVH’s operations, census numbers, staffing levels, efforts to increase census and staffing numbers, the number of resident complaints and resident complaints by type of complaint, as well as any report, rating, or fine from CMS. In each quarterly report, the report should note the period covered by the data and corresponding dates.

<b>Information Request</b>	<b>Author</b>	<b>Due Date</b>
Request on status of CHVH operations, staffing, and federal ratings	MDVA	July 1, 2024
		October 1, 2024
		January 1, 2025
		April 1, 2025

**Appendix 1**  
**2023 Joint Chairmen’s Report Responses from Agency**

The 2023 JCR requested that MDVA prepare five reports. Electronic copies of the full JCR responses can be found on the DLS Library website.

- ***Report on Status of CHVH Staffing and Federal Ratings:*** MDVA has submitted two of the four quarterly reports. Due to lag times associated with CMS reporting and other staffing considerations, MDVA has requested an extension to submit the third quarterly report from the original deadline of January 1, 2024, to February 15, 2024. Further discussion of the two available reports is included in Key Observation 1 of this analysis.
- ***Report on the Veteran Employment and Apprenticeship Pipeline:*** MDVA submitted information on its efforts to contact and expand the job pipeline for veterans, including its partnerships with State entities for veteran job opportunities. Further discussion of the report is included in Key Observation 2 of this analysis.

**Appendix 2  
Object/Fund Difference Report  
Department of Veterans Affairs**

<u>Object/Fund</u>	<u>FY 23 Actual</u>	<u>FY 24 Working Appropriation</u>	<u>FY 25 Allowance</u>	<u>FY 24 - FY 25 Amount Change</u>	<u>Percent Change</u>
<b>Positions</b>					
01 Regular	119.00	122.00	125.00	3.00	2.5%
02 Contractual	8.90	7.50	6.25	-1.25	-16.7%
<b>Total Positions</b>	<b>127.90</b>	<b>129.50</b>	<b>131.25</b>	<b>1.75</b>	<b>1.4%</b>
<b>Objects</b>					
01 Salaries and Wages	\$ 9,418,028	\$ 10,359,284	\$ 11,198,922	\$ 839,638	8.1%
02 Technical and Special Fees	441,552	379,497	390,980	11,483	3.0%
03 Communication	82,674	88,198	84,836	-3,362	-3.8%
04 Travel	45,358	46,776	62,776	16,000	34.2%
06 Fuel and Utilities	870,593	927,377	1,035,168	107,791	11.6%
07 Motor Vehicles	504,213	410,777	383,487	-27,290	-6.6%
08 Contractual Services	27,958,087	39,214,531	48,624,052	9,409,521	24.0%
09 Supplies and Materials	573,507	632,635	516,506	-116,129	-18.4%
10 Equipment – Replacement	290,907	353,276	336,761	-16,515	-4.7%
11 Equipment – Additional	145,849	267,096	163,096	-104,000	-38.9%
12 Grants, Subsidies, and Contributions	402,699	393,758	388,758	-5,000	-1.3%
13 Fixed Charges	76,799	90,044	228,245	138,201	153.5%
14 Land and Structures	145,824	34,495	0	-34,495	-100.0%
<b>Total Objects</b>	<b>\$ 40,956,090</b>	<b>\$ 53,197,744</b>	<b>\$ 63,413,587</b>	<b>\$ 10,215,843</b>	<b>19.2%</b>
<b>Funds</b>					
01 General Fund	\$ 18,443,356	\$ 27,136,402	\$ 44,246,646	\$ 17,110,244	63.1%
03 Special Fund	4,131,994	3,186,605	904,287	-2,282,318	-71.6%
05 Federal Fund	18,380,740	22,874,737	18,262,654	-4,612,083	-20.2%
<b>Total Funds</b>	<b>\$ 40,956,090</b>	<b>\$ 53,197,744</b>	<b>\$ 63,413,587</b>	<b>\$ 10,215,843</b>	<b>19.2%</b>

Note: The fiscal 2024 appropriation does not include deficiencies or planned reversions. The fiscal 2025 allowance does not include statewide salary adjustments budgeted within the Department of Budget and Management.