South Carolina is the only state where Veteran nursing homes are not under the direction of the state agency responsible for Veterans. The logic of the proposed transfer of Veteran nursing homes from SC Department of Mental Health (SCDMH) to SC Department of Veterans Affairs (SCDVA) is clear, and SCDVA stands prepared to assume this responsibility if directed. There are, however, additional considerations not specifically listed in the fiscal impact statement and other documents worth highlighting.

The Department of Mental Health currently provides a high quality of service in the Veteran nursing homes and every effort must be made to ensure that quality of service is not diminished, even temporarily, on execution of a potential transition to SCDVA.

SCDVA as currently organized does not have expertise in nursing home operations and lacks several other necessary capabilities for effective execution of this critically important function. These capabilities include a legal department, a finance and accounting office, nursing home oversight (manned by licensed professionals), a human resources office, and an information technology office. Justification for each of these needs is outlined below, and a summary table of capabilities and costs is also provided.

* + General Counsel and Legal Office.
    - The proposal will introduce a broad array of legal matters within both the medical and Veteran fields into the daily operations of the Department.
    - The Department currently has no legal capability.
    - A general counsel (1 FTE) is in the SCDVA FY 21-22 budget submission, approved by Senate Finance Committee and now with full Senate for consideration.
  + Finance and Accounting Office.
    - Budget management.
      * Exponential Increase in budget from current FY 20-21 through FY 21-22 proposal and the potential S.2 addition
      * The Department has no internal financial management, accounting, or billing capability.
      * We are currently dependent upon Department of Administration for shared services –this will become inadequate and infeasible for proposed structure.



* + - Contract management.
      * 2 of the three current nursing homes operate under contracts.
      * 1 home, Stone Pavilion in Columbia, is part of a larger SCDMH facility with shared maintenance, food service and other integrated support difficult to separate. This will likely create a potential contract arrangement between SCDVA and SCDMH for sustaining operations on transfer.
      * Both of the homes opening in Summer 2021, Gaffney and Florence, will operate under contracts.
      * A sixth home is planned, likely to operate under contract.
      * Two additional homes (bringing the total to 8) will likely be required to meet projected demand.
      * The Department currently has capacity to manage very limited contracts.
  + Inspection and Oversight Office.
    - Proper oversight of nursing homes will require expertise in physical and behavior health, social work, care facility management, etc. In many cases this will require licensed professionals.
    - Project and construction management of future home(s) also requires expertise and experienced professionals.
    - The Department currently has no expertise in any of these areas.
  + Human Resources Office.
    - Growth in staffing of between 128% and 755% (assuming FY 21-22 Senate appropriation is passed)
    - No internal human resources management capability.
    - Dependent upon Department of Administration for shared services – inadequate for proposed structure.

The fiscal impact statement does **not** include the costs of these additional capabilities. In order to estimate them, we compared our current (and requested) organization to that of Mississippi, who has 4 nursing homes. Note that the Mississippi model includes two inspection and oversight positions that require licensed professionals: a licensed nursing home administrator and a licensed nurse. The below chart depicts the personnel needs and associated costs.



Based on our research and understanding of the proposed transfer we make the following recommendations:

1. The transfer of nursing homes from the Department of Mental Health to the Department of Veterans’ Affairs, if directed, executes incrementally.
2. Any proposed plan for implementation includes adequate time for planning to ensure a successful transfer. Costs reflected in the fiscal impact do not include the wide array of capabilities that will need to be established before the transfer can occur. Any acceleration of transfer to the timeline must take the SCDVA organizational development into account (e.g. if transfer effective date is start of FY 22-23, 1 July 2022, SCDVA must begin organizational development immediately and would therefore require supplemental funding to the FY 21-22 budget per table above).