

Date of Hearing: April 26, 2011

ASSEMBLY COMMITTEE ON VETERANS AFFAIRS
Paul J. Cook, Chair
AB 487 (Cook) – As Amended: April 4, 2011

SUBJECT: Veterans' homes: fees and charges

SUMMARY: This bill changes the fees veteran members pay for residence and care in the Veterans Home of California. This bill caps the fees members pay and sets an initial dollar amount cap. Also, annually beginning January 1, 2012, this bill requires the cap to be recalculated to reflect any changes in the United States Department of Veterans Affairs ("USDVA") compensation from the previous year.

Specifically, this bill initially caps the amount paid by the member at:

- (1) One thousand six hundred sixty-five dollars (\$1,665) per month for domiciliary care;
- (2) One thousand eight hundred dollars (\$1,800) per month for residential care for the elderly or assisted living;
- (3) Three thousand four hundred fifty dollars (\$3,450) per month for intermediate care; or
- (4) Three thousand seven hundred fifty dollars (\$3,750) per month for skilled nursing care.

EXISTING LAW: Existing law provides that members of the Home shall pay fees and charges as determined by the California Department of Veterans' Affairs ("Department"). Under the existing statute:

- (a) The total of the individual member's fees and charges for any fiscal year shall not be greater than:
 - (1) Forty-seven and one-half percent of the member's annual income for domiciliary care;
 - (2) Fifty-five percent of the member's annual income for residential care for the elderly or assisted living;
 - (3) Sixty-five percent of the member's annual income for intermediate care; and
 - (4) Seventy percent of the member's annual income for skilled nursing care.
- (b) Nonveteran spouses who become members of the home on or after July 1, 2009, shall pay fees and charges . . . , as described in subdivision (a), or an amount equal to the annual amount of federal per diem received for a veteran member in domiciliary care, whichever is greater. If the nonveteran member's income is less than the annual amount of federal per diem for a veteran member in domiciliary care, the nonveteran member shall pay a maximum of 90 percent of his or her annual income.

FISCAL EFFECT: Unknown.

COMMENTS: Requiring fees to be paid by members of the Veterans Home helps offset the costs associated with the operation of the Home. The existing sliding scale for members is based on a percentage of income and without a cap represents a policy choice that the member should pay a portion of the member's income without a limit; those with higher incomes pay the same proportion of their income but a larger dollar amount.

However, until 2009 in addition to the sliding scale there was a cap on the residential fees for each classification of care. The caps represented a policy choice that members should pay a portion of their income. Those with higher incomes should pay the same proportion of their income and a larger dollar amount, *but only up to a capped amount*. The caps were \$1,200 per month for residential care, \$2,300 per month for intermediate care, and \$2,500 per month for skilled nursing care.

The 2009/2010 Budget removed these caps. These changes removed income caps for all levels of care, added a separate fee structure for the Residential Care Facility for the Elderly (RCFE) level of care in which the income contribution percentage is set to 55 percent, and required non-veteran spouses to pay either 90 percent of income up to \$1,100 or \$1,032 whichever is greater. The fee caps were removed in 2009 to address a budget deficit and because they had not been adjusted since implementation.

California is still in a budget deficit situation. The Legislative Analyst's Office indicates that the deficit is approximately \$20-25 billion dollars. The caps mandated in the bill do represent increases from the caps contained in the previous version of this code section of approximately 50%, furthermore, this bill provides a mechanism by which the caps will be self-adjusting.

Related Legislation:

AB 488 (Cook) This bill amends the same code sections and requires that the fees paid by nonveteran spouses be the same as those paid by members.

REGISTERED SUPPORT / OPPOSITION:

Support

None on file.

Opposition

None on file.

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