



Armed Forces Retirement Home Strategic Plan 2019-2021



JULY 2018

Agency Overview

Mission

To fulfill our Nation's commitment to its veterans by providing a premier retirement community with exceptional residential care and extensive support services.

Vision

A retirement community committed to excellence, fostering independence, vitality and wellness for veterans, making it a vibrant place in which to live, work and thrive.

Snapshot

The Armed Forces Retirement Home (AFRH) is an independent establishment in the Executive Branch whose purpose is to provide residences and related services for certain retired and former members of the Armed Forces. Formed by Congress in 1991 as the only continuing care retirement community (CCRC) operated by the Federal Government, AFRH's mission began in the 19th century. The 1991 Act merged two storied institutions under one corporate organization: the U.S. Soldier's and Airmen's Home in Washington, D.C. established in 1851, and the U.S. Naval Home in Gulfport, Miss. originally established in Philadelphia, Penn. in 1834.

The AFRH can accommodate over 1,100 veterans across its two locations. Veterans eligible to become residents include those who spent the majority of their active duty military service in enlisted, warrant officer, or limited duty officer ranks. Other eligibility requirements include a combination of active duty time, service-related disability, combat zone, women's component, and honorable service, as specified in law. Residents enter AFRH in independent living with access to four higher levels of care as their wellness needs require: independent living plus, assisted living, long term care, and memory support. Each resident pays a monthly fee based on a maximum amount or a percentage of their gross income, whichever is less, for all-inclusive services: a private room and bath, meals, on-site wellness clinic with primary medical and dental care as well as certain specialty providers, a wealth of physical and social activities, local transportation, and many others. Residents of the Washington campus enjoy hilltop views of the capital city on 272 acres of rolling landscape while Gulfport residents enjoy a waterfront location with direct beach access on the Mississippi Sound.

AFRH is financed by a trust fund in the U.S. Treasury. Congress approves an annual budget for expenses through the appropriations process, though unspent funds do not expire. Dedicated income sources include resident fees, a monthly payroll deduction as well as disciplinary fines and forfeitures from certain active duty military personnel ranks, interest on trust fund balances, rental income from real property, and sales proceeds from property disposals. It can also accept gifts and donations though it cannot currently solicit them.

AFRH's mission is essentially charitable: residents are admitted regardless of their personal assets or income and their fees are set annually based on their individual incomes which can change year to year. Most residents pay significantly less in fees than it costs to deliver services, particularly in upper levels of care.

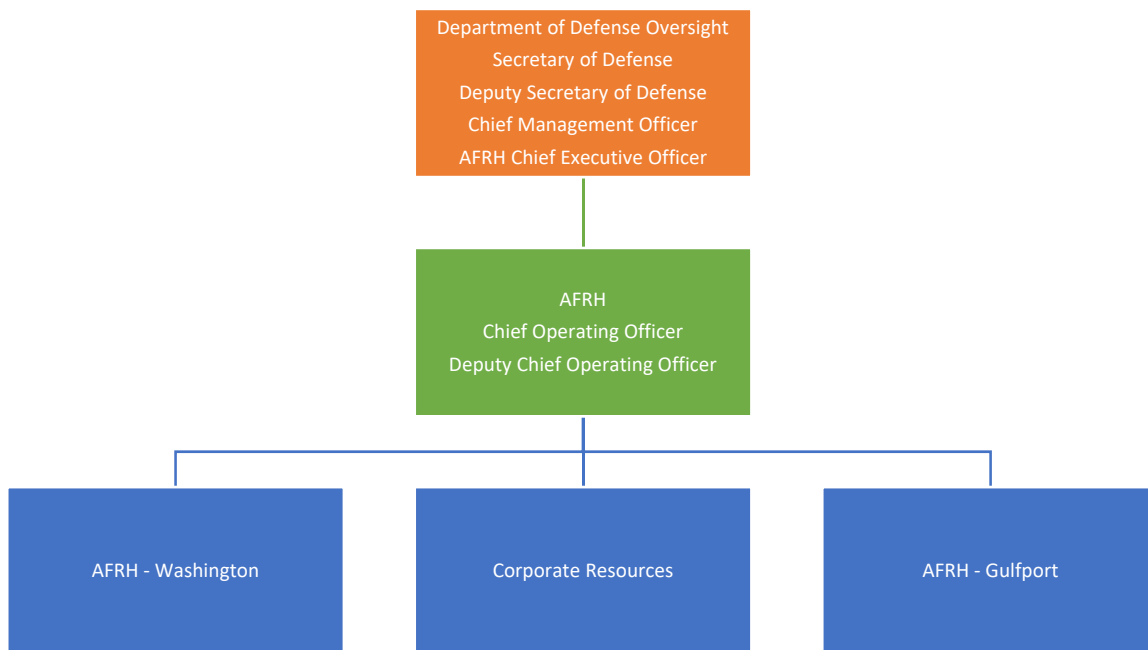
Organization

AFRH's organizational structure and oversight is unique in the Federal Government. While it is an independent agency, AFRH leadership and administration is overseen by the Secretary of Defense; the

Deputy Director of the Defense Health Agency oversees healthcare administration; the Inspector General of the Department of Defense (DOD) inspects and reports on all aspects of AFRH operations on a triennial basis; and all resident services are accredited by nationally recognized independent organizations.

Currently, Secretary of Defense oversight is delegated to the Office of the Chief Management Officer and exercised by the AFRH Chief Executive Officer (CEO), a Department of Defense executive. The CEO appoints key AFRH officials including the Chief Operating Officer who serves as the AFRH agency head, as well as the administrators and ombudsmen for each of the two campuses.

The agency headquarters is located in Washington and consists of a small corporate staff to manage common agency functions and services. Each of the two campuses has an identical department structure and similar staff profile.



Strategic Goals 2019-2021

This is a short term three-year plan focused on decisive actions to set AFRH on course for a solid and sustainable future. It is not an agency strategic plan as defined by 5 USC 306 or OMB Circular A-11, which would encompass a four-year administration and include government-wide goals following prescribed formats and requirements.

Strategic goals are a framework for thinking about problems, setting priorities, and making decisions. They help answer the question: where are we going? Objectives map how we get there. These goals and objectives are agency-wide objectives for the next three years. Our corporate and campus divisions will craft business plans that further define and add to these priorities within the context of their individual missions.

Strategic Goal 1 – Quality Care First and Always

Quality Care First and Always affirms that AFRH's core mission is to care for veterans in need. It is our legacy, our reason for being, and the lens for looking to and charting our future. It is the foundation to continue to build and refine answers to fundamental questions: who we serve and what we offer.

Strategic Questions

- Are we reaching veterans who need our services?
- What needs are we filling?

Goal 1 Objectives 2019-2021

➤ Achieve an occupancy rate of 90 percent or better

Empty rooms are a waste: missed opportunity to serve a veteran in need, lost revenue, and a sunk cost to maintain facilities sitting unused. If we are providing a valuable in-demand service then all rooms should be full. If they are not, our eligibility criteria are too limited or we are not reaching veterans who may need our services.

Initiatives

- *Expand eligibility criteria to serve additional veterans*
Currently 86 percent of our residents are military retirees aged 60+ with over 20 years of active duty service. The average age of our residents is 83 years and 90 percent are male. Veterans eligible because of injury, disease, or disability are underrepresented because our governing law limits eligibility to economic factors. Further, otherwise eligible veterans may become ineligible because of diagnosed mental or substance abuse issues which are controlled and AFRH could accommodate. In 2018 we requested legislative changes that would broaden eligibility criteria. If enacted, we will need to revise our admissions policies and outreach to these newly eligible veterans.
- *Admit spouses when space is available*
Our mission has been and will continue to be serving enlisted veterans when they need our care. Most veterans enter AFRH at an advanced age after a spouse has passed away. We believe it will enhance our community if we can admit spouses together with their eligible veteran when space is available. In 2018 we requested a legislative change to this end. If enacted, we will need to revise many of our policies and outreach efforts.
- *Modernize residential facilities*
Antiquated residences are unattractive for both current and prospective residents. Most Washington campus Sheridan Building residences date from the 1960s with modest facelifts since then, rooms are small and lack kitchenettes, and common spaces need refreshment. While room sizes cannot be improved without substantial cost and renovation, we can make modest improvements in fittings and furnishings to make residential spaces more attractive and provide residents some choices to personalize their rooms.

➤ Reorganize healthcare services for optimum income potential

One-third of AFRH expenses, approximately \$19 million per year, fund healthcare services at our two campuses. Although all residents are eligible for health benefit programs including TRICARE, VA, Medicare, and Medicaid, as a Federal agency AFRH cannot currently obtain payment from these programs. AFRH will request legislative changes which will be required to receive program payments or streamline our services. Outsourcing some services to private providers with billing capability may offset some costs in the near-term. This initiative will seek to align healthcare services so that AFRH can act rapidly, if legislative changes are made.

Initiatives

○ *Ensure staffing is right-sized and professionally diverse*

Aligning with health benefit programs means following stringent requirements on provider types and qualifications, patient-to-provider ratios, and many other factors so that services are allowable. We will need to modify our staffing mix, policies, and systems to comply with these requirements. We should also better utilize medical professionals such as physician assistants and nurse practitioners which would serve most resident healthcare needs at lower cost.

○ *Develop plans for care gaps*

AFRH does not currently have a skilled nursing facility or capacity to handle sub-acute care, representing a significant gap in our services which forces residents to leave our facilities when they need this care. Resources and requirements to offer these services may outweigh the benefits, however an analysis of these requirements and a notional implementation plan would provide a rational basis for management to make an investment decision.

Strategic Goal 2 – Stewardship at Our Core

Stewardship at Our Core reminds us that we are caretakers responsible for decisions now that will determine how AFRH will exist for veterans in the future. We are guardians for veterans who have come to AFRH as residents, made it their home, and whose health and welfare depends on us. We are trustees for active duty servicemembers whose pay supports veterans in need today with the expectation AFRH will be here for them if they need us later. We are custodians of a true National treasure, continuing an illustrious history while preserving AFRH's legacy. We are stewards for taxpayers who come to our aid when we need it, with the promise their resources will be responsibly used because our mission is so vital.

Strategic Questions

- Are we making the best use of limited resources?
- Who and what are we investing in, and when?

Goal 2 Objectives 2019-2021

➤ Turn underused property into productive assets

As with empty rooms, underutilized real property incurs ongoing maintenance expenses without offsetting revenue. With 272 acres of prime real estate, the Washington campus is an extraordinary asset which will be the keystone in building AFRH's long-term fiscal solvency.

Initiatives

- *Execute a ground lease on the AFRH-Washington development zone*

In the making for over a decade, the now 80-acre Washington campus development zone represents AFRH's greatest long-term opportunity to generate significant new ongoing revenue. Since the first attempt at development failed following the 2008 economic downturn, the neighborhoods surrounding the campus have experienced continuous revitalization. In May 2018 AFRH, through General Services Administration, issued a request for proposals with submissions due late September 2018. AFRH has placed new emphasis on upfront and early-stage income as well as how proposals will integrate with the entire campus and surrounding community. The timeline envisions lead developer selection by March 2019 followed by 12 months for ground lease negotiation. Past attention focused on the Washington campus golf course. DOD commissioned a business case study completed in November 2017 which recommended outsourcing course operation and estimated operating losses and eventual profits of \$100,000-150,000 on capital improvements of \$3-5 million. The golf course is a wellness amenity for residents and preserves green space for the surrounding community. AFRH is encouraging proposals in the 80-acre development zone which could improve the course as a community amenity while retaining AFRH resident access since redeveloping the course would require a new master plan process.



- *Execute an adaptive reuse lease on the AFRH-Washington Grant Building*

The Grant Building is a grand 170,000 square foot structure on the Washington campus completed in 1910 and closed in 2002. AFRH intends to solicit proposals in 2018 to adaptively reuse Grant for leasing revenue, possibly in conjunction with the wider master plan development.

- *Generate additional rent from underutilized buildings, quarters, and ancillary uses*

The Washington campus houses numerous buildings and houses currently either vacant or rented below market rates to employees. Most require only modest improvement to become revenue-generating and the variety of structures offers a diverse portfolio of potential tenants: Quarters 1 is an 8,000 square foot historic mansion at the heart of the campus' national historic site. Its grand rooms, porches, and lawns with sweeping views of the north campus are ideally suited to special event rentals from corporate and private parties. There are eleven government houses of various sizes and qualities which can be rented to employees, tenants, or offered to the public at prevailing market rates. One small office building is available immediately and a second requires improvements to be made available to commercial tenants. Finally, ancillary uses such as parking spaces, antenna installations, and event rentals at both campuses provide opportunities to generate multiple sources of income from real property assets.

- *Offset cost and increase usage of Washington green space*
Open space on the Washington campus includes the 9-hole golf course, community gardens, ponds, and open fields west of the 80-acre development zone and south of the AFRH zone. The AFRH Trust Fund is responsible for maintenance and supervision of these areas with their associated costs, although the local Resident Fund non-appropriated fund supports day-to-day golf course operations. AFRH is encouraging developers on the 80-acre site to consider how their proposals will integrate with the full 272-acre campus, which may yield proposals that will include improvement of the golf course and green space through an occupancy permit. Our long-term goal is to develop a master plan for the green space which will offset AFRH operational costs and improve usage by our residents as well as the surrounding community.

➤ **Transition to a cost-based resident fee model**

AFRH's mission is to serve our Nation's veterans regardless of their ability to pay for the services they receive. Maximum fees have been set arbitrarily, without consideration of service costs, and changed in modest amounts through annual cost-of-living increases and in larger amounts when financial pressures mount. In April 2018 a new fee structure was announced that, among other changes, tied maximum fees to cost of care. This objective will complete the transition to a cost-based fee model for all residents by fiscal year 2021 and will ensure service costs are transparent to both residents and the staff.

Initiatives

- *Implement service cost budgeting*
Revise budget formulation processes and timelines so operating budgets are set to costs per resident by level of care in advance of the fiscal year including required notification periods.
- *Reform hardship assistance and gross income calculations*
AFRH is committed to ensuring no resident is forced to leave AFRH due to unaffordability. We will revise policies and procedures regarding hardship assistance to extend fee relief and services to residents with financial difficulties. We will also review components of and deductions from gross income calculations.
- *Institute cost transparency*
We will revise systems, annual fee determination documents, and public reports and presentations to make the cost of services, income calculation, and subsidy amounts transparent to residents and other stakeholders.

➤ **Implement local budgeting and individual financial performance factors**

Operating budgets are currently produced and managed at the corporate level with minimal input by local managers and staff. Financial management is not routinely included as a factor in employee performance evaluations.

Initiatives

- *Implement operational-level budget formulation and execution processes*
We will reform budget formulation processes so local managers have input and ownership of their department budgets from the outset of each budget cycle. We will reform budget

execution processes so department managers defend additional resource requests and campus administrators manage cash flow decisions with corporate assistance and tracking.

- *Include financial management as a factor in employee performance evaluations*
We will revise performance plans and position descriptions to include financial management as key factors in performance evaluations and job requirements.

➤ **Streamline administrative activities**

AFRH invests significant resources into administrative services to handle routine functions common to any business: financial accounting and audit, purchasing and contracting, legal services, information technology, and a suite of human resource services including timekeeping and payroll, hiring, benefits administration and employee assistance, and labor relations. We also invest resources because of the many unique burdens of being a Federal agency to comply with laws and regulations in all of these business areas as well as extensive reporting and oversight requirements by Congress, the Executive Branch, and DOD. Many of these are mandatory, so while we can seek relief from especially burdensome requirements, we must also reduce and streamline our self-imposed workload and ensure that we are minimizing these costs wherever possible and appropriate.

Initiatives

- *Evaluate interagency agreements for administrative services*
AFRH obtains administrative services support through interagency agreements with other Federal agencies, primarily the Department of Treasury Bureau of the Fiscal Service (BFS). AFRH will evaluate these agreements and consider migrating administrative services to DOD's Washington Headquarters Services (WHS) with the goal of reducing costs and improving oversight mechanisms. Procurement support services began transitioning to WHS in October 2017 with full support expected by the start of fiscal year 2019. Legal services transferred in March 2018, though some labor relations services remain with the Department of the Navy until cases conclude. WHS and AFRH will evaluate transitioning human resources and financial services by fiscal year 2020 due to systems complexity and audit risk.
- *Consolidate and reorganize recurring reports*
AFRH is required to prepare a myriad of reports on a recurring basis to comply with Executive Branch and Congressional requirements. While some reports have a semi-annual or quarterly frequency, we will consolidate most forward-looking reports into our annual budget justification and most backward-looking reports into our annual performance and accountability report. We will request relief from burdensome and outdated reports through appropriate channels.
- *Improve policymaking processes*
Directives, policies, and standard operating procedures formalize how we conduct day-to-day business but they are not set in stone. Being agile requires flexibility to adapt to changing circumstances and priorities, and formal policies often trail how we are actually operating or unnecessarily restrict our decision-making. We will establish procedures to ensure important policies are current, that policies are flexible to adapt to varying circumstances, and outdated or burdensome policies are streamlined or eliminated.

Strategic Goal 3 – Constantly Evolving

Constantly Evolving is a challenge to honor and build on our traditions while always adapting to the changing world around us. We are always competing—for resources, talent, attention, and trust—and must be willing and ready to experiment and change. We can be fearless to take risks when appropriate to our mission. That means knowing where we fit and how we deliver service and value by always engaging with and opening ourselves to partners and critics alike.

Strategic Questions

- Are we delivering value?
- What are the trends and how are our peers responding?
- Is what we are doing sustainable?

Goal 3 Objectives 2019-2021

➤ Continue to reform leadership and succession planning

AFRH has experienced continuous leadership changes in recent years. In February 2017, the Deputy Secretary of Defense shifted oversight responsibility for AFRH from the Under Secretary for Personnel and Readiness to the Chief Management Officer (CMO). The CMO concluded a new leadership structure was necessary to deliver progress and in November 2017 created a new AFRH Chief Executive Officer position to exercise DOD's control and administration of AFRH full-time. The Chief Operating Officer continues to be the head of the independent agency as designated in law and reports to the CEO. To improve succession planning, the CEO and COO restored the Deputy COO position as AFRH's career senior official in April 2018. AFRH will continue to evaluate and revise its management structure to operate more effectively and drive improvement across the organization.

Initiatives

- *Transition procurement oversight and other functions to the Deputy COO*

In late 2017 the DOD Inspector General issued a report as part of its triennial inspection of AFRH operations which included a recommendation to separate procurement and financial functions and to reform contracting processes. The Deputy COO position was created in part to serve as the agency's chief contracting official, complete the transition of contracting services from BFS to WHS, drive contract efficiency initiatives, as well as provide management oversight in other operational areas.
- *Establish a Director of Administration and Finance*

AFRH will create a new Director of Administration and Finance position through DOD and assigned to AFRH, reporting to the CEO and COO. This position will oversee financial management operations and manage initiatives to reform budget processes and resident fees as well as administrative services agreements and support transition.
- **Improve staff recruitment, engagement, and retention**

The vast majority of our Federal employees and contract staff provide direct support to residents. They are essential to our operations and have the most direct influence on resident experience. Recruitment, training, management, and retention are arguably our most important investments

since we could not continue to exist without a competent and well-functioning professional staff. We face strong and relentless competition to attract and keep the best people.

Initiatives

- *Communicate and coordinate*

The leading staff critique at AFRH, like most organizations, is the need for better communication at all levels. We will never be perfect communicators but we can always strive for improvement. AFRH will continue to look for ways to foster collaborative communication and coordination across functional areas to build trust and improve our service to residents.

- *Leadership and professional development*

Our present and our future depends on professionals who keep their skills current and lead by example at all levels of the organization. By our nature we attract passionate, dedicated people and passion often leads to interpersonal conflict. AFRH will always search for tools to enhance our ability to improve professional, personal, and interpersonal skills and dynamics.

- *Establish gifts and estates as a major source of support*

While AFRH can accept gifts, including estate gifts from residents and others, it does not have authority to solicit them. Private giving is an important revenue source for non-profit retirement communities and veteran service organizations. AFRH submitted a legislative proposal in 2018 requesting solicitation authority. If enacted, AFRH will need to revise policies and take action to expand gifts and estates income as a major source of long-term financial support.

Initiatives

- *Update gifts and estates policies*

If solicitation authority is enacted, AFRH will need to revise its gifts and estates policies to assign and delegate appropriate responsibilities as well as ensure ethics and oversight mechanisms and appropriate financial controls.

- *Develop a fundraising capacity*

Since gifts and estates are currently a minor source of revenue for AFRH, if solicitation authority is enacted, AFRH will need to develop a fundraising capacity which may include new positions, contracts, partnerships, and resource allocation to develop and execute a fundraising plan.

- *Build fundraising partnerships*

Whether fundraising capacity is developed in-house or outsourced, AFRH will need to foster and maintain new partnerships with outside organizations, other agencies, and service providers to make fundraising a successful revenue program.

- *Develop an estate program*

AFRH has basic informational materials for residents who are interested in leaving a bequest to AFRH. Estate planning is an important source of revenue and long-term financial planning for most private-sector non-profit retirement communities, so AFRH will need to expand and appropriately resource this program if new solicitation authorities are enacted.

Summary List

Strategic Goal	Objective	Initiative
1	Strategic Goal 1 – Quality Care First and Always	
1.1	Achieve an occupancy rate of 90 percent or better	
1.1.1	Expand eligibility criteria to serve additional veterans	
1.1.2	Admit spouses when space is available	
1.1.3	Modernize residential facilities	
1.2	Reorganize healthcare services for optimum income potential	
1.2.1	Ensure staffing is right-sized and professionally diverse	
1.2.2	Develop plans for care gaps	
2	Strategic Goal 2 – Stewardship at Our Core	
2.1	Turn underused property into productive assets	
2.1.1	Execute a ground lease on the AFRH-Washington development zone	
2.1.2	Execute an adaptive reuse lease on the AFRH-Washington Grant Building	
2.1.3	Generate additional rent from underutilized buildings, quarters, and ancillary uses	
2.1.4	Offset cost and increase usage of Washington green space	
2.2	Transition to a cost-based resident fee model	
2.2.1	Implement service cost budgeting	
2.2.2	Reform hardship assistance and gross income calculations	
2.2.3	Institute cost transparency	
2.3	Implement local budgeting and individual financial performance factors	
2.3.1	Implement operational-level budget formulation and execution processes	
2.3.2	Include financial management as a factor in employee performance evaluations	
2.4	Streamline administrative activities	
2.4.1	Evaluate interagency agreements for administrative services	
2.4.2	Consolidate and reorganize recurring reports	
2.4.3	Improve policymaking processes	
3	Strategic Goal 3 – Constantly Evolving	
3.1	Continue to reform leadership and succession planning	
3.1.1	Transition procurement oversight and other functions to the Deputy COO	
3.1.2	Establish a Director of Administration and Finance	
3.2	Improve staff recruitment, engagement, and retention	
3.2.1	Communicate and coordinate	
3.2.2	Leadership and professional development	
3.3	Establish gifts and estates as a major source of support	
3.3.1	Update gifts and estates policies	
3.3.2	Develop a fundraising capacity	
3.3.3	Build fundraising partnerships	
3.3.4	Develop an estate program	

Key Metrics

These are key metrics AFRH management will use to measure progress toward our strategic goals and objectives, including baseline measures and targets to reach by the end of this three-year plan in 2021.

Metric	Baseline	2021 Target	Change
Financial			
Balance Sheet			
Intragovernmental assets minus total liabilities	\$49.7 million	\$67.7 million	+\$18.0 million
Statement of Changes in Net Position			
Appropriations received/used	\$22.0 million	\$5.0 million	-\$17.0 million
Donations and estates	\$0.5 million*	\$3.0 million	+\$2.5 million
Other			
Healthcare revenue and cost offsets	\$0	\$4.3 million	+\$4.3 million
Interagency expenditures—administrative	\$5.4 million	\$4.0 million	-\$1.4 million
Lease revenue	\$566,000	\$3.0 million†	+2.4 million
Resident fee revenue	\$16.7 million	\$22.8 million	+\$6.1 million
Operating			
Occupancy rate	76% (861/1133)	90% (1020/1133)	+14% (+159)
Average of maximum fees to cost	41%	100%	+59%
Category 2 & 3 eligible residents	10%	20%	+10%
Average age	83	78	-5

* Performance and Accountability Report for Fiscal Year 2017

† Excluding 80-acre Washington campus development zone

Metrics Overview

Intragovernmental assets minus total liabilities

This metric best approximates the available trust fund balance. The \$49.7 million baseline is shown in the Fiscal Year 2017 Performance and Accountability Report balance sheet. We estimate \$6 million will be unexpended for fiscal year 2018. If we can hold costs constant or offset increases with additional revenue, and there are not substantial declines in revenue, we can expect this amount to increase to \$67.7 million by the end of 2021.

Appropriations received/used

Congress provided \$22 million in appropriated funds from the General Fund in fiscal year 2017 as reflected in the Fiscal Year 2017 Performance and Accountability Report statement of changes in net position. We received the same amount in fiscal year 2018 and anticipate it again in fiscal year 2019. Through revenue increases and cost reductions, we aim to reduce appropriated support to \$5 million or less in the fiscal year 2022 budget request.

Donations and estates

AFRH is authorized to accept donations, though is cannot currently solicit them, and may receive the estates of residents who die intestate. The baseline is the amount shown in the Fiscal Year 2017 Performance and Accountability Report balance sheet, \$509,176. If we are successful in our legislative request for solicitation authority and establish partnerships and mechanisms for increasing donations,

by the end of 2021 we aim to increase this source of funds to 10 percent of non-appropriated revenue as shown in the Fiscal Year 2017 Performance and Accountability Report statement of changes in net position budgetary financing sources.

Healthcare revenue and cost offsets

In fiscal year 2017 we did not earn revenue or reimbursements from healthcare services provided to residents. By the end of 2021 we aim to earn \$4.3 million in revenue or reduce or offset our expenses, or a combination thereof. This amount was derived by assuming a 20% reimbursement of wellness center and clinical costs similar to TRICARE coverage, plus Medicare cost sharing coverage for long-term care and memory support.

Interagency expenditures—administrative

In fiscal year 2017, interagency agreements for corporate-level administrative services totaled approximately \$5.4 million for procurement, financial, audit, travel, master planning, legal, human resources, public affairs, information technology. We aim to reduce this amount 25 percent by the end of 2021.

Lease revenue

In fiscal year 2017 we earned \$566,000 from leases and sales. By the end of 2021 we aim to increase this revenue to \$3 million through initiative 2.1.3. For procurement reasons we are excluding initiatives 2.1.1 and 2.1.2 from 2021 targets.

Resident fee revenue

In fiscal year 2017 we earned \$16.7 million from resident fees. In fiscal year 2018 into 2019 we expect this revenue to decline following changes to the resident fee structure announced in April 2018. The 2021 target was derived using a fee dataset of residents present just prior to the fee structure announcement, assumes approximately 20% attrition of highest income residents, and an even replacement rate across three years to 90% occupancy using the income profile of the remaining 80% of residents. Additionally we assume cost-based fees announced in April 2018 will remain level through 2021.

Occupancy rate

The baseline occupancy was taken from a dataset of residents present just prior to the fee structure changes announced in April 2018. We assume our 1133-resident will capacity will remain constant through 2021.

Average of maximum fees to cost

The baseline was calculated by dividing the sum of fiscal year 2018 maximum fees by the sum of costs for each level of care, as reflected in the fiscal year 2019 budget request and used as the basis for fee changes announced in April 2018 to take effect October 2018. By 2021 we expect our maximum fees to be set at cost.

Category 2 & 3 eligible residents

The Fiscal Year 2017 Performance and Accountability Report resident profile reported 3 percent of residents were category 2 eligible (service connected disability) and 7 percent were category 3 eligible (service in a war theater), 10 percent combined. By 2021 we aim to increase this to 20 percent combined.

Average age

The Fiscal Year 2017 Performance and Accountability Report resident profile reported an average age of 83.2 years. By 2021 we aim to reduce the average by 5 years to 78 through expanded eligibility and increased occupancy.

Risk Factors

We are dependent on a few key officials for major decisions

Major decision-making authority is vested in a few key officials including the Chief Executive Officer, Chief Operating Officer, and facility Administrators. If any of these key personnel were to become unavailable, there could be a material adverse effect on our operations.

We need qualified personnel to manage our operations

We need qualified and competent personnel to manage all aspects of our operations which maintain the health and welfare of our predominately elderly and high health risk resident population. Our inability to recruit and retain qualified and competent personnel could negatively affect our operations and performance.

Competition, demographics, and other market conditions may lower our admissions and occupancy rates

Despite our attempts to expand eligibility criteria and marketing efforts, our admissions and occupancy rates are highly dependent on external factors beyond our ability to control including macroeconomic trends, market and technology changes which make our services less relevant or attractive, and our limited geographic service area may continue to erode our occupancy rates and adversely affect our operating results.

Disasters could hurt our operations

Both campuses are at risk for natural and manmade disasters which could impact our operations for an extended period. Both campuses have experienced substantial damage in the recent past by earthquake and hurricane activity which required rapid evacuation and relocation of vulnerable residents and long-term recovery and reconstruction efforts.

Legislative and regulatory oversight could limit our results

We are a Federal government agency with funding and policy decisions made by legislation and operate highly regulated services, particularly in healthcare, and we are required by law to maintain accreditation for all our services. Changes to law, regulation, or nationally recognized practices may require us to expend considerable resources to comply and adversely impact our results. We may request changes to law or regulation to improve our results which may be modified, delayed, or denied.

We are exposed to cyber security risks

We are heavily dependent on information technology for all aspects of our operations and manage highly sensitive and regulated personally identifiable information. A significant disruption, failure, theft, or corruption of our data or systems could severely affect our ability to operate, compromise confidential information, and damage our reputation and financial results.

We are or could be a party to legal proceedings

We are a party or could be a party to a variety of legal actions which may have a material impact on our operations and financial condition.

Conclusion

This plan builds on initial steps taken in 2017 and 2018 to lay the groundwork for success in the goals and objectives identified over the next three years. AFRH has built a strong leadership team; and, with support from the Department of Defense, we are building relationships with stakeholders to raise awareness of AFRH and its mission. We are working with Congress to make legislative changes in line with our goals. We believe these goals are realistic and achievable steps toward long-term sustainability of AFRH for current and future generations of veterans. Over the next three years we will revisit this plan periodically to measure our progress. We are also looking to our corporate and campus leaders to set individual goals and objectives for their functional areas in annual business plans, and the first installment for 2019 follows.

Appendix

Armed Forces Retirement Home Business Plan 2019



Armed Forces Retirement Home Business Plan 2019

July 2018

Overview

The business plan serves as an extension of AFRH's three-year strategic plan focused on returning to solvency and long-term sustainability. Our corporate and campus leaders add their own input specific to their functional areas, setting short-term goals and objectives for the coming year which support the agency's overall strategic plan. The strategic plan maps our route while the business plan helps us keep track of turns and miles, and adjusting our route as we encounter detours.

The 2019 business plan that follows is divided into our three overall organizations: the corporate headquarters, and each of our two campuses in Gulfport and Washington. The corporate headquarters section includes input from each corporate officer, while the campus sections include input from the administrators.

The Chief Operating Officer (COO) will review business plan goals and objectives on a monthly basis with corporate and campus leaders to measure progress on objective metrics. The COO will also conduct a quarterly review of the business plan against strategic plan metrics to ensure agency-wide goals and objectives are met by 2021.

Corporate Headquarters

Chief Operating Officer

Strategic Goal 1 – Quality Care First and Always

Objectives:

1. Ensure organization is right-sized and staffed in every position with personnel who are both qualified and who have positive care-giver attitudes
 - a. Identify and re-purpose positions as appropriate
 - b. Ensure all functional areas operate in a “best practice” modality and meet or exceed CARF/JC and IG standards
 - c. Modernize facilities and services to accommodate more retiree couples
2. Modernize and upgrade IL rooms for both singles and couples.

Strategic Goal 2 – Stewardship at Our Core

Objectives:

1. Increase Revenues at both campuses
 - a. Increase AFRH-W I/L occupancy by 25% annually until maintaining > 90% continuous occupancy

- b. Increase AFRH-G I/L occupancy by 5% annually until maintaining > 94%
 - c. Support all initiatives to lease un-used AFRH-W buildings
- 2. Decrease Operating Expenses by 5 % at both campuses
 - a. Assess and right-size staffing at both campuses
 - b. Assess and adjust contracting and procurement model to achieve > \$100K annual savings
- 3. Achieve budget efficiencies through more economic outsourcing
 - a. Complete transition of Contracting, HR, and Finance support services from BFS to WHS
 - b. Decrease contracting expenses by 5%
- 4. Revise and implement budgeting processes in which campuses develop and manage to their respective budgets; conduct extensive budget reviews to ensure efficient budget planning
- 5. Support all Washington campus initiatives for leasing development zone
- 6. Develop model and procedures for individually leasing non-development zone buildings
- 7. Move remainder of outsourced support services (HR and Finance) from BFS to WHS

Strategic Goal 3 – Constantly Evolving

Objectives:

- 1. Train staff to more effectively coordinate all staff actions as appropriate
- 2. Develop leadership skills among staff at both campuses to teach, enable, and require managers to resolve issues at the lowest levels
- 3. Improve communications skills throughout staff to build and foster an environment of improved trust between all tiers of staff

Managing Director for Finance and Administration

Strategic Goal 2 – Stewardship at Our Core

Objectives:

- 1. Ensure AFRH continues to obtain unqualified (“clean”) audit opinions
 - a. Provide timely responses to auditors’ requests
 - b. Timely close of the audit cycle to include the Performance and Accountability Report being submitted to the Office of Management and Budget (OMB) by the due date
 - c. Work in concert with the Bureau of Fiscal Services and Washington Headquarters Services (WHS) to ensure accounting information is accurate (e.g. assets are depreciated correctly, revenue is recognized timely, etc.)
 - d. Updated financial management policies (e.g. update policy on procurement actions and payroll activities that occur at WHS but not accounted for in the financial database)
- 2. Provide budgetary oversight to ensure AFRH completes fiscal year within budget
 - a. Keep management apprised of AFRH FY18 budget execution

- b. Work with administrators and corporate staff to provide guidance and aide in successful utilization of financial resources
 - c. Formulate future budget requests that are streamlined and will reduce the dependence on receiving annual supplemental funding from Congress
 - d. Prepare persuasive and economical Congressional Budget Justifications for upcoming applicable fiscal year that will pass OMB scrutiny and be approved by Congress
3. Lead comprehensive and realistic long-range financial planning and revenue forecasting
- a. Work with the Corporate Facilities Manager to forecast revenue and devise a long-term financial plan to regain self-sufficiency/solvency (e.g. leasing, Veterans Administration parking privileges, etc.)
 - b. Work with the Administrators in ensuring that delinquent resident fee accounts are handled appropriately (e.g. having hearings, assigning conservators, sending delinquent debt to Treasury for collection, etc.)
 - c. Work collaboratively with the Public Affairs Officer to forecast resident fee revenue for the out-years
 - d. Explore fundraising opportunities
 - e. Assist management in engaging the Department of Defense in increasing voluntary allotments that are received from active duty military personnel

Chief Medical Officer

Strategic Goal 1 – Quality Care First and Always

Objectives:

1. Promote quality care through a healthcare staff that is credentialed, privileged, and licensed to perform in their scope of duty
2. Maintain quality indicators of continued accreditation by both The Joint Commission and CARF
3. Evaluate and coordinate with COO, Agency, and campuses feasibility of added levels of care and/or services

Strategic Goal 2 – Stewardship at Our Core

Objectives:

1. Research for implementation various healthcare services reimbursement pathways as possible in compliance with applicable guidance
2. Support continuation of medical quality under the planned decreased Operating Expenses of 5 % at both campuses and commensurate with resident census levels and complexity of care levels with efficient healthcare staffing levels and licensure categories at both campuses.

Strategic Goal 3 – Constantly Evolving

Objectives:

1. Promote Medical Quality Management through identifying relevant, up to date medical information and continuing medical education for licensed healthcare providers that are cost free
2. Coordinate with Senior Medical Advisor regarding recommendations and implementing components as determined indicated and feasible within current budgets and staffing and in alignment with goals, including, but not limited to electronic health record systems, pharmacy systems, and others

Corporate Facilities Manager

Strategic Goal 1 – Quality Care First and Always

Objectives:

1. Modernize facility and amenities of Washington Campus
 - a. Update 25 rooms by Christmas
 - b. Move community gardens closer to Sheridan; perhaps Sheridan balcony
 - c. Begin update of electrical grid

Strategic Goal 2 – Stewardship at Our Core

Objectives:

1. Convert un-used Washington campus space to revenue producing property
 - a. Select a developer for 80 acres and negotiate a lease
 - b. Develop permitting process and policies
 - c. Define governance of 80-acre development
 - d. Move water and sewer lines out of development zone
2. Generate revenue through enhanced property usage
 - a. Rent Quarters 3, 5, 9, 21, 41, and 90 at market value
 - b. Rent two antenna locations on Sheridan Building
 - c. Market Old Security and Grant buildings for adaptive reuse
3. Meet and maintain compliance standards
 - a. Train campus staffs on Energy Star Portfolio Management
 - b. Submit the Sustainability, Environmental, Preservation, and Real Property reports on time to external agencies
 - c. Work to achieve two energy conservation projects during 2019

Chief Human Capital Officer

Strategic Goal 1 – Quality Care First and Always

Objective:

1. Evaluate cost efficiency of eliminating dental contract in DC and restoring to in-house function

Strategic Goal 2 – Stewardship at Our Core

Objectives:

1. Transition outsourced services to most cost-effective provider
2. Evaluate changing personnel service and EEO service providers
3. Evaluate changing payroll service provider

Strategic Goal 3 – Constantly Evolving

Objectives:

1. Ensure managers and supervisors have state of the art tools to efficiently initiate and manage personnel actions for staff members
 - a. Validate employee personal information in HR Connect database
 - b. Update telework designations for positions and employees
 - c. Survey staff to update self-identified handicap codes
2. Focus on continuous staff professional development
 - a. Develop a mutually rewarding contract bargaining agreement (CBA) from the memorandums of agreement at the Gulfport facility
 - b. Renegotiate the CBA at the Washington facility for AFGE Local 3090, last negotiated in May 2005

Chief Information Officer

Strategic Goal 1 – Quality Care First and Always

Objectives:

1. Work with WHS on solicitations for new requirements including: Resident SaTV and Internet services, guest room tracking software, and records information management (phase 2)
2. Evolve the Electronic Health Records System to meet Joint Commission Requirements and workflow development
 - a. Facilitate working group sessions with the Ensoftek developers and DC/GP healthcare staff to identify requirements for program changes. Major priorities identified are care plans and incident reporting
 - b. Provide funding for staff “super user” training
 - c. Deploy equipment for mobile charting for upper levels of care

Strategic Goal 2 – Stewardship at Our Core

Objectives:

1. Maintain effective and appropriate IT contracts and interagency agreements
 - a. Monitor and assist effective transition of contracts to WHS
2. Ensure agency meets all reporting requirements in a timely manner
 - a. Ensure mandatory reporting as required by OMB and DoL are completed and submitted to the governing Agencies as required. Known reports for submissions are:
 - FISMA – Federal Information Management Act (OMB)
 - PIA – Privacy Impact Assessment (OMB)
 - Risk Assessment (OMB)
 - OSH – Occupational Safety and Health Report (OSHA)

Strategic Goal 3 – Constantly Evolving

Objectives:

1. Ensure AFRH information systems maintain compliance and compatibility with appropriate government systems
2. Implement NARA standards for Records Management Self-Assessment and NA-1005 – Capstone Email Archiving
3. Upgrade infrastructure and network authentication
 - a. Lifecycle desktop replacement for the AFRH Gulfport facility
 - b. Monitor upgrades for the AFRH DC facility
 - c. Secure WiFi implementation and mobile charting deployment
 - d. Transition to Multifactor (PIV Card) authentication to network resources for federal staff
 - e. ISDN distribution equipment upgrade for AFRH DC (Administrative) voice services

Public Affairs Officer

Strategic Goal 1 – Quality Care First and Always

Objectives:

1. Increase occupancy by 5% annually until achieving and maintaining 90% continuous occupancy
 - a. Develop and execute annual paid advertising program in military retiree publications and targeted civilian news outlets.
 - b. Leverage DoD contacts to ensure placement of cost-free advertising in DoD retiree publications.

- c. Expand AFRH exhibiting opportunities to include national veterans conventions and events, and at retiree appreciation day (RAD) programs at military bases across the country
2. Achieve additional efficiencies and cost-savings in existing marketing programs and application processing
 - a. Leverage use of staff at each Home to represent AFRH at national veterans meetings and RAD programs, and to conduct pre-admissions outreach and processing of applications
 - b. Train staff in marketing strategies and screening applicants for eligibility, minimizing unnecessary mailing costs and encouraging applicants to utilize documents on AFRH website
3. Update printed marketing materials and web page
 - a. Create new printed marketing materials to reflect evolving mission requirements
 - b. Redesign AFRH web page to provide updated information in a more user-friendly format, and to enhance user/applicant experience
4. Encourage external stakeholder commitment to Home.
 - a. Conduct outreach to state-level VSO's/MSO's (American Legion, VFW, etc) to promote Home among its members
 - b. Conduct outreach to senior NCO's in DoD to promote knowledge and support of Home among current service members



Armed Forces Retirement Home - Gulfport

Administrator

Strategic Goal 1 – Quality Care First and Always

Objectives:

1. Continue to preach, teach, and live the mission and the vision of the home
2. Continue and promote the engagement of staff from all departments with our residents
3. Continue to meet and exceed the standards set forth by our agreements with CARF and The Joint Commission
4. Continue to work with residents to keep them residing here instead of moving away due to the fee increase
5. Provide resident centered care/provide continued excellent services to keep the residents we have to age in place
6. Support the efforts of Public Affairs and the Admission Officer at Gulfport to increase occupancy to 95% by June 30, 2019
7. Work with Chief Healthcare Services, DON, and all 4 clinical nurse supervisors to increase federal nurse staff to eliminate one and/or both nursing contracts
8. Right-size and staff in every department with personnel who are both qualified and who have positive and caring concern for senior adults/veterans

Strategic Goal 2 – Stewardship at Our Core

Objectives:

1. Work with all service chiefs and their teams to implement ways to reduce spending and manage costs to reduce the gap between revenue and expenses
2. Work with the agency to improve the budget process for our business center and service chiefs

Strategic Goal 3 – Constantly Evolving

Objectives:

1. Continue annual training for staff by the agency
2. Work with healthcare professionals from the coastal area to provide in-services for employees
3. Create the MOU/MOA with the union to be grievance free



Armed Forces Retirement Home - Washington

Administrator

Strategic Goal 1 – Quality Care First and Always

Objectives:

1. Provide a CCRC environment that delivers Person Centered Care, embracing the values of choice, dignity, respect, self-determination and purposeful living
 - a. Provide quality healthcare to Residents on all levels as evidenced by CARF and TJC accreditations by maintaining a focus on quality
 - b. Ensure compliance with all DoD IG requirements
2. Improve infrastructure on an incremental basis to modernize Resident rooms
 - a. Research and evaluate improved/higher quality upper level beds and mattresses.
 - b. Develop plan for life cycle management of equipment, furniture and mattresses for all levels of care
3. Increase to > 90% continuous occupancy with steady increases each year.
 - a. Participate in outreach initiatives to veterans groups and other venues to market Home
 - b. Educate staff to be able to speak to the value of living at Home
4. Ensure organization is right-sized and staffed with personnel who embrace Person Centered Care
 - a. Identify and re-purpose positions as appropriate
 - b. Assess and right-size staffing with qualified individuals who have positive care-giver attitudes
5. Network with neighbors/supporters of Home including VA, Walter Reed National Military Medical Center, Creative Minds International and others

Strategic Goal 2 – Stewardship at Our Core

Objectives:

1. Revise and implement budgeting processes down to the manager level.
 - a. Require budget owners to efficiently manage their respective budgets
 - b. Conduct extensive budget reviews to ensure efficient budget planning
2. Decrease Operating Expenses by 5% with staffing, supply and contracting efficiencies
3. Support all Washington campus initiatives for leasing in the development zone
4. Support initiatives for individually leasing non-development zone buildings

Strategic Goal 3 – Constantly Evolving

Objectives:

1. Mentor and develop leadership skills among staff to teach, enable, and require managers to resolve issues at the lowest levels
2. Improve communications skills throughout staff to build and foster an environment of improved trust between all levels of staff
3. Find ways to demonstrate appreciation to staff to increase morale
4. Invest in staff with training so they can more effectively coordinate all staff actions and budgeting as appropriate