



June 5, 2025

Statement for the Record
The New England Center and Home for Veterans Cost Information for the United States
Department of Veterans Affairs Grant and Per Diem Program

From: The New England Center and Home for Veterans, 17 Court Street Boston, MA
To: U.S. House of Representatives Committee on Veterans Affairs
Via: The Honorable Stephen Lynch. Eighth District, Massachusetts

Chairman Bost, Ranking Member Takano,

On January 2, 2025, The Senator Elizabeth Dole 21st Century Veterans Healthcare and Benefits Improvement Act was signed into law. An important provision of the Act is Section 402, which authorizes the Department of Veterans Affairs (VA) to pay a Grant and Per Diem (GPD) reimbursement rate of up to 200 percent of the state home domiciliary rate, for up to 50 percent of grant recipients. This is a much-needed increase beyond the current reimbursement rate, which is capped at 115% of the state domiciliary rate.

Despite this authorization, the VA has not implemented the new rates, citing concerns that doing so could cause it to exceed the current authorization of appropriations (AoA) for GPD. The AoA is currently capped at \$257,700,000 per Fiscal Year, which is what it has been since 2016, despite the fact that, according to the Bureau of Labor Statistics, the Consumer Price Index increased by almost 33 percent over the same timeframe¹. The temporary increase in reimbursement rates during the COVID-19 Public Health Emergency (PHE) did provide some respite. However, when rates returned to their original limits at the expiration of the PHE in May 2023, GPD operating costs remained high. The resultant gap between reimbursements and actual expenses was even wider than pre-COVID levels.

The financial impact of the Dole Act's increased rates having not been implemented is significant, especially for providers in high-cost areas, like The New England Center and Home for Veterans (NECHV). Transitional Housing remains a vital mainstay of the NECHV's programs to combat and end Veteran homelessness, and the VA GPD Program is its largest and most important transitional housing program. The Center's downtown Boston Massachusetts facility is ideally located in the area with the highest concentration of Veterans experiencing homelessness in New

¹ [CPI Home : U.S. Bureau of Labor Statistics](#)

England, however it is also within the highest cost area of the State. While estimates differ slightly, Boston is acknowledged to be one of the most expensive cities in the country², with a cost of living estimated to be 48% higher than the national average.³

The ability to access reimbursement payments commensurate with actual expenses is critical for providers like the NECHV. In recent years, the Center expanded its GPD Clinical Treatment Program from 40 to 45 beds and converted ten of those beds into individual private rooms with corresponding baths in order to meet Veteran health and safety needs. While this improves the ability to support an increasingly ageing and medically frail Veteran population, it increases per-bed and per-day operating costs. The Center also operates a 20-bed Low Demand GPD program which provides an enhanced level of services, including 24-hour per day intensive Human Services staffing. This program has been effective in producing positive outcomes for the most at-risk Veterans, but it remains funded at the same rate as other GPD service models, despite the added expenses of full-time staffing. Since those staffing requirements and expenses are constant, regardless of occupancy rate, they are essentially a fixed cost, which makes the program more costly at lower occupancies. This creates additional disincentives for providers to offer these highly effective, but support-intensive, programs.

Labor costs for credentialed and experienced human services personnel are a particular challenge. These skill sets are vital for community providers like the NECHV that support an increasingly acute population of vulnerable Veterans experiencing or at-risk of homelessness. Due in part to the increased demand for human services and mental health professionals during the COVID PHE, between Q1 of 2020 to Q3 of 2024, the average weekly wage for Social Assistance Workers (NAICS Code 624) in Massachusetts increased by 34.8%⁴. Despite the requirement for GPD service models like Low Demand to provide to provide “paid, appropriately trained”⁵ staff, reimbursements have not kept pace with this growth in wages. Further exacerbating this situation, the NECHV has found that the most effective approach to GPD program implementation is to employ masters-level clinicians as Case Managers. Within Massachusetts, the average weekly salary for such staff (including Licensed Clinical Social Workers, Licensed Independent Clinical Social Workers and Licensed Mental Health Clinicians) is approximately 80% higher than Social Assistance Workers (\$1,400/week vs. \$779/week)⁶, adding further cost to GPD program operation.

In practical terms for the NECHV, the growth in operating expenses, with no change in reimbursements, has resulted in a gap between expenses and reimbursement payments of \$52.41

² <https://livingcost.org/cost/united-states/ma/boston> and https://bestplaces.net/cost_of_living/city/massachusetts/boston

³ <https://homeandmoney.com/blog/moving-to-boston-ma>

⁴ [Private, NAICS 624 Social assistance, Massachusetts Quarterly data 2020 - 2024 , All establishment sizes Source: Quarterly Census of Employment and Wages - Bureau of Labor Statistics](#)

⁵ Department of Veterans Affairs Homeless Providers Grant and Per Diem (GPD) Program Per Diem Only (PDO) Grant Notice of Funding Opportunity, 27 October 2022.

⁶ [Salary: Licensed Clinical Social Worker Lcsw in Massachusetts 2025 | Glassdoor](#)

per bed per day for the Clinical Treatment service model and \$182.13 per bed per day for Low Demand. (Approximately \$6000.00 total cost per day for both programs at 100% occupancy)⁷. Since passage of the Dole Act on January 2nd of this year, the Center's accumulated shortfall of VA reimbursements versus actual GPD Program costs for the year to date is approximately \$924,000. If the existing rate versus expense situation endures for the remainder of Fiscal Year 2025, the total unreimbursed cost of operating the NECHV's current GPD program could grow as high as \$1.6M.

While these costs are specific to the NECHV, the situation has placed greater financial burden on all providers. Between the Fiscal Year 2020 GPD grant round and the 2024 grant round, the number of GPD providers in the Commonwealth of Massachusetts decreased from nine to five, with a loss of at least 44 Clinical Treatment and Low Demand beds.

The NECHV greatly appreciates the overwhelming bipartisan support exhibited in the passage of the Senator Elizabeth Dole Act. However, until the shortfall in the GPD AoA is corrected to enable the VA to implement the newly authorized reimbursement rates, the Center and other provider organizations will not be able to realize the full benefits of this important legislation. The House recently passed H.R.1815, which contains a provision that would increase the GPD AoA within the current fiscal year. The NECHV is thankful for this progress and fully supports this measure as the most expeditious solution to the current situation. The current limitation in the Title 38 Code USC 2016 GPD Fiscal Year AoA must be addressed for organizations like the NECHV to be able to continue delivering critical services to Veterans in need. We respectfully request your continued support and attention to achieving this end.

⁷ The NECHV's GPD Programs typically operate at approximately 85% occupancy year-round. However, since many costs, such as staff and utilities are relatively constant despite occupancy rates, the difference between expenses and reimbursements is actually higher at lower rates.