



FINANCIAL INFORMATION

70- Bed Veterans Home Initial Construction Cost

\$30,716,000	Estimated Veterans Home Project Cost
\$20,475,285	Federal Share (2/3)
\$10,240,715	State Share (1/3)

Montevideo Raised Funds
Towards State Share:
\$5,208,570

Bemidji's Raised Funds
Towards State Share:
\$2,000,000

*Source: Veterans Homes Pre-Design by Dale Tremain Architects and Planners, Ltd & Short Elliot Hendrickson, Inc.

INITIAL FUNDING CONSIDERATIONS

- **HF 1109 & SF 1089:**
 - *Appropriation.*
 - (a) \$6,000,000 is appropriated from the bond proceeds fund to the commissioner of administration to design, construct, furnish, and equip a veterans home in Montevideo.
 - (b) \$10,000,000 is appropriated from the bond proceeds fund to the commissioner of administration to design, construct, furnish, and equip a new veterans home in Bemidji to provide a continuum of care, including skilled nursing care, to Minnesota veterans.
 - *Bond sale:*

To provide the money appropriated in this section from the bond proceeds fund, the commissioner of management and budget shall sell and issue bonds of the state in an amount up to \$16,000,000 in the manner, upon the terms, and with the effect prescribed by Minnesota Statutes, sections 16A.631 to 16A.675, and by the Minnesota Constitution, article XI, sections 4 to 7.

*Source: House File 1109 and Senate File 1089

LONG-TERM FISCAL CONSIDERATIONS

According to the 2015-2016 Legislative Fiscal Note Long-Term Considerations for the Montevideo and Bemidji Veterans Homes:

- Assumed cost to operate 70 beds in 2020, (if the projects are built and operating in 2020) salary cost of \$7,750,000 and non-salary cost of \$2,450,000 for a total of \$10,200,000, which includes an approximate 1.8% increase in salary costs per MMB guidance and a national average of approximately 4.5% increase in non-salary cost annually. The total FTE's for this home would be 103.
- A General Fund appropriation of \$5,230,000 would be needed for operation of this Home, revenues from residents would make up the remaining revenue to cover the cost of operations.

WHY MONTEVIDEO AND BEMIDJI

- Both communities have a federally required project pre-design complete.
 - Montevideo spent an initial \$70,000 on this project in 2008 and has completed updates biannually in order to have accurate project costs.
- Both communities have land ready for the project.
- Both communities have Community Based Outpatient Clinics.
- Both communities have raised money towards the state's share of initial construction cost.
 - Montevideo has raised \$5,200,000
 - Bemidji has raised \$2,000,000

WHY MONTEVIDEO AND BEMIDJI

- Montevideo and Bemidji were both identified as ideal qualifying communities for Minnesota Veterans Homes in the 2009 MN Department of Veterans Affairs Community Identification Study for a new Veterans Home.
- Montevideo and Bemidji are larger rural communities and have hotels, bus & taxi services, American Legions, VFW's, National Guard Armories, retail shops, and much more, directly within the community.
- Montevideo and Bemidji both have advanced life support services & 24 hour acute care hospitals within their communities.
- Montevideo and Bemidji have reports from DEED showing ample prospective employees seeking employment in their regions.
- Splitting the allowed number of beds between two areas of the state serves more of our states Veterans in different areas. This keeps Veterans and their families closer together. The MNDVA has identified that operating Veterans Home with 70-90 beds is an ideal operational model.
- Our applications and locations meet both federal and state guidelines.

PROCEEDING FORWARD

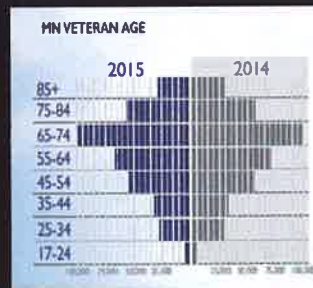
- Montevideo and Bemidji need Minnesota legislative approval for the proposed Veteran Homes Projects.
- After approval, Montevideo and Bemidji have completed all requirements and are ready to work with the MN Department of Veterans of Affairs on submission of an application for federal funding.
- In consideration of submitting three applications for Veterans Homes to the Federal Government:
 - In November 2013, the Federal VA notified the MNDVA that the number of nursing home beds requested (through federal applications by the MNDVA and local communities) in the State of Minnesota's grant applications exceeded the number of operational beds Minnesota is authorized by the Federal VA to have. Subsequently, all of the applications were returned because applications cannot exceed the States authorized amount of beds
- The proposed bills would allow Montevideo and Bemidji to separately complete Federal Applications for funds; not exceeding the states authorized amount of beds. We would utilized 140 of the 144 beds available.

MONTEVIDEO REGIONAL VETERANS HOME INFORMATION

- Per Minnesota Department of Veterans Affairs criteria, the Veteran population within a 60-Minute calculated drive time county region surrounding Chippewa County includes 12,138 Veterans from eleven Western Minnesota counties including Big Stone, Chippewa, Kadiyohi, Lac Qui Parle, Lincoln, Lyon, Redwood, Renville, Stevens, Swift, and Yellow Medicine.
- Active National Guard Units within 60 minutes calculated driving time (all soldiers are approx numbers):
 - Montevideo, Madison, Appleton, Marshall, Ortonville, and Morris- 340 soldier battalions
 - Redwood Falls, Hutchinson- 180 soldiers
 - Willmar- 220 soldiers
 - Olivia - 160 soldiers
 - Willmar Army Reserve HHC & FHC
- According to the United States Department of Veterans Affairs statistics Veteran Population Model 2011, which estimates living Veterans in Minnesota from 2010-2040, there will be an estimated 386,598 Veterans. Of these, about 42% (162,924) are under the age of 60 and 58% (223,674) are over the age of 60. Veterans from the entire state are eligible for new Veterans Home beds.

THE RIGHT TIME

- MN Vets are aging
- Vietnam and current era Vets can have multiple, specialized health issues



THE RIGHT ACTION

They stepped forward when we needed them.



MN's Veterans Homes are highly rated

MONTEVIDEO & BEMIDJI

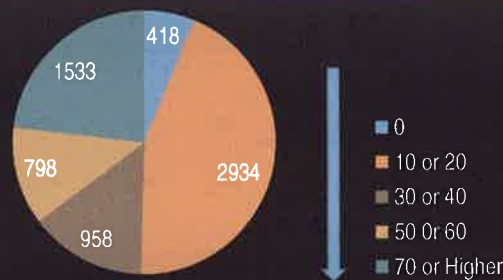
- The Right Place
- Our Veterans deserve this and have waited too long.



Northern Minnesota Veterans Home Information

- The sixteen Northern Minnesota counties include Beltrami, Cass, Clearwater, Crow Wing, Hubbard, Itasca, Kittson, Koochiching, Lake of the Woods, Mahnomon, Marshall, Norman, Pennington, Polk, Red Lake, and Roseau.
- **27,658** veterans live in these counties; 18,155 veterans live in Beltrami County and the nine surrounding counties.
- In 2013, 50% of the veterans in the 16 counties were over age 65; this has now increased to **55.1%**.
- 1036 American Indian veterans live in Northern Minnesota. This is over 1/3 of all American Indian veterans living in Minnesota.
- 1,403 female veterans live in the sixteen counties.
- **\$231.9 million** provided by the VA in support of Northern Minnesota Veterans in 2015 (VA Geographical Data Expenditures Report).

Service-Connected Disabilities (SC)



- Disability compensation is a financial benefit paid to veterans as a result of illness or injury incurred or aggravated by military service. These conditions are known as service-connected (SC) disabilities.
- A disability can apply to physical conditions as well as a mental health conditions, such as post-traumatic stress disorder (PTSD).
- Ratings for SC disabilities range from zero to 100%, in increments of 10%.
- 6,641 of Northern Minnesota veterans have a service-connected disability; **1,533** of these veterans have disabilities at the 70% level or higher.

Veterans Home Information

Sources of Operating Costs

Source	Percentage
FEDERAL	50%
PRIVATE	25%
STATE	25%

- 70% or above service-connected veterans live free of charge; homes are reimbursed a per diem rate of \$389.95 a day for their care by the federal government.
- Homes receive a per diem rate of \$106.10 per day from the feds for all other veterans.
- Veterans who are capable of self-pay can be charged up to a maximum of \$7005.87 per month.
- All other veterans pay according to their monthly income; this includes spouse's income.

Nursing Home Costs

MEDIAN NURSING HOME COSTS IN MINNESOTA

	DAILY RATE	MONTHLY RATE	ANNUAL RATE
NURSING HOME (SEMI-PRIVATE ROOM)	242	7361	88332
NURSING HOME (PRIVATE ROOM)	266	8086	97032

Source: Genworth 2016 Cost of Care Survey Minnesota

Sources of Payment

- Out-of-Pocket
- Federal (Medicare)
- Federal (VA) if a contracted VA facility
- State (Medical Assistance)

Major Cost Differences between Veterans Homes and Nursing Homes

- All veterans residing in a Veterans Home receive per diem. At the basic rate this is approximately \$2.7 million per year. This will increase depending on the number of 70% service-connected veterans.
- Veterans Home residents have a maximum cost they will pay for their care.
- Nursing Home costs will continue to rise according to level of care needed.

BEMIDJI & MONTEVIDEO MINNESOTA VETERANS HOMES



