Minnesota Department of Veterans Affairs

VA State Home Construction Grants Process Briefing: New State Veterans Homes

Agenda:

- Agency at a Glance
  - Current Minnesota Veterans Data
  - State Veterans Homes Information
- New Home Construction Process
  - Bed Count Overview
  - Federal Construction Grants to States
  - New Homes Construction Costs
  - Homes Operational Funding

Minnesota Department of Veterans Affairs

About Us

Mission

Dedicated to serving Minnesota Veterans and their families.

Vision

Fulfilling the needs of Minnesota Veterans and their families by providing proven and innovative programs and services to maximize quality of life.

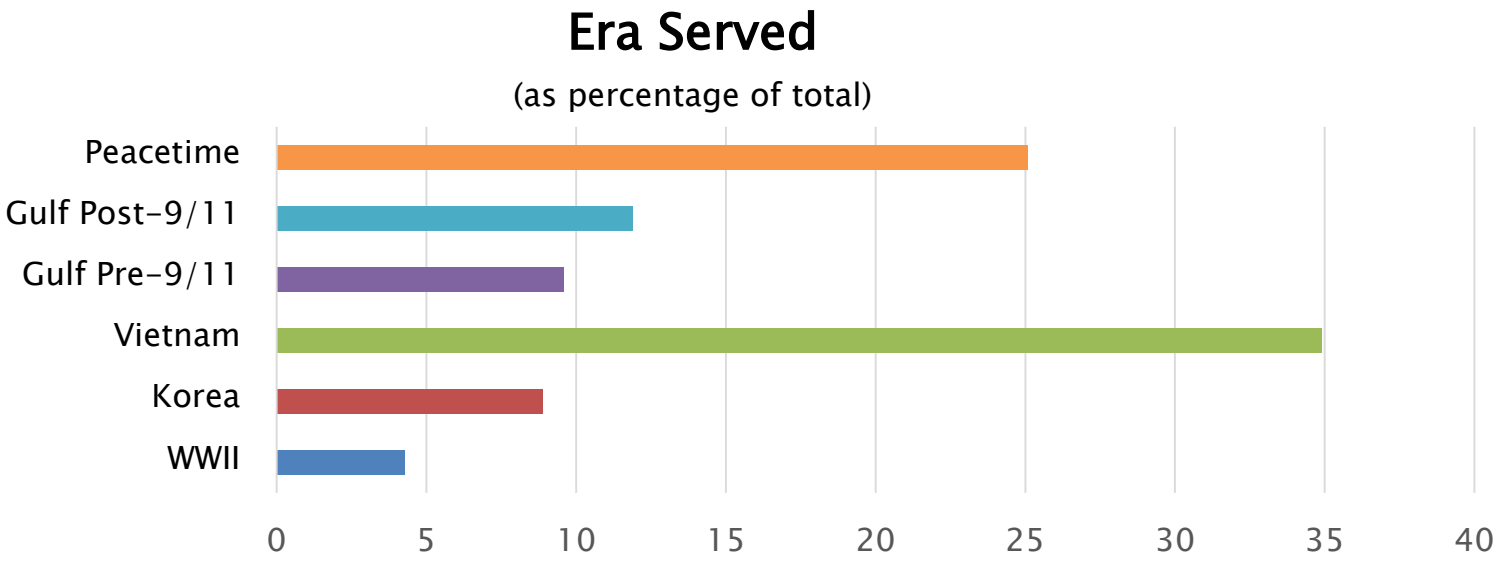
Context

- 5 Veterans Homes Providing Skilled Nursing, Domiciliary & Adult Day Center
- 4 major Program Areas providing a variety of services
- Strong partnerships with U.S. Dept. of VA, VSO's, CVSO's, 501c(3)'s and private organizations

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Minnesota's Veterans: By The Numbers

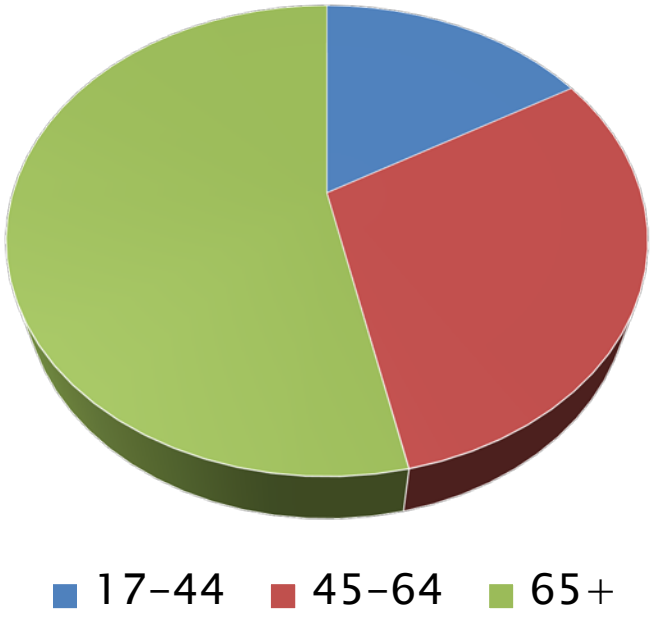
- 328,000 Total Statewide
- 92.9% Male, 7.1% Female
- 6% of Minnesota Population
- 21% of All Individuals 65 Years and Over in the State



Source: 2017 D&IS and DMDC Reports;
2016 ACS 5-year estimates

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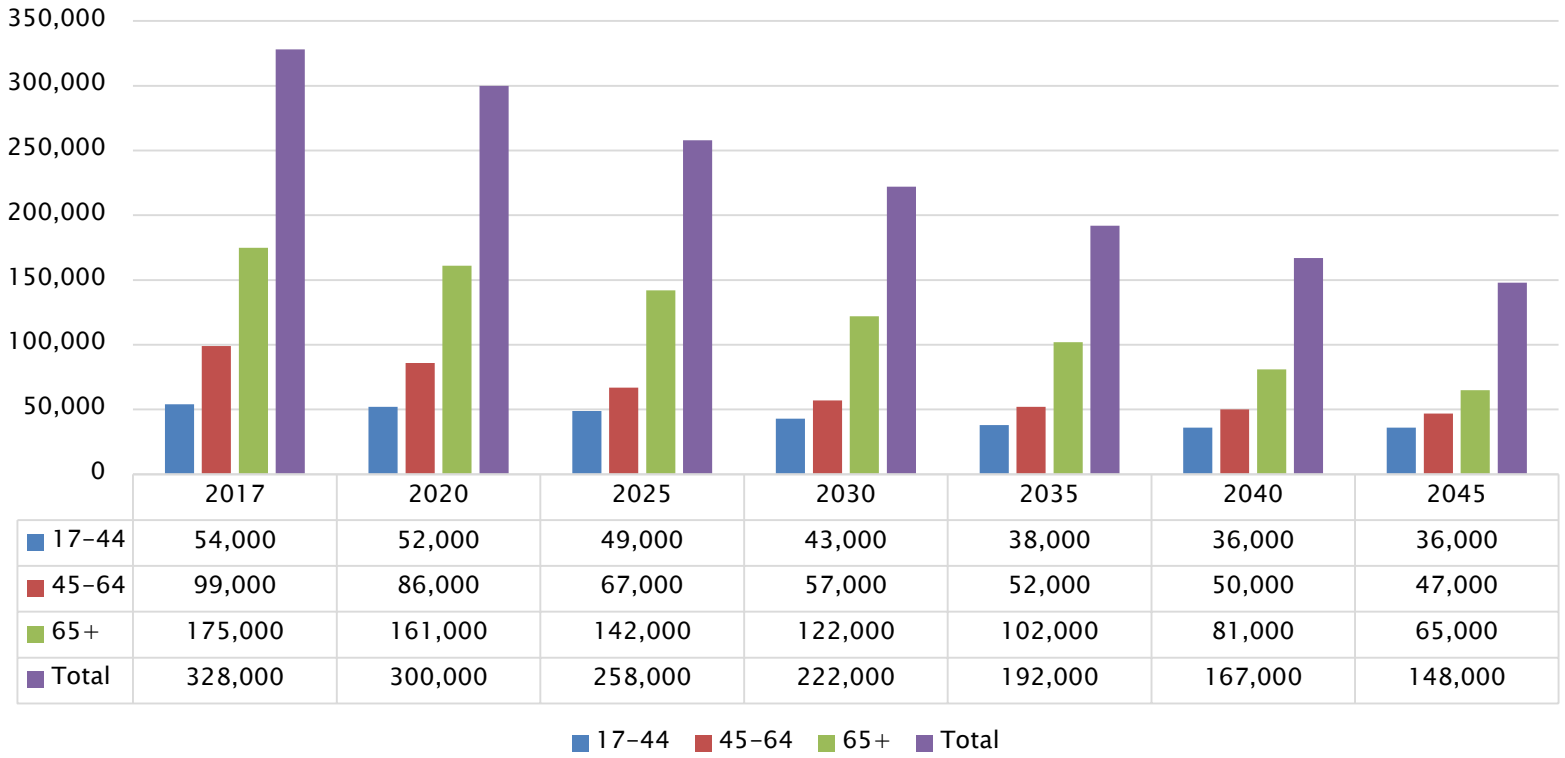
2017 Minnesota Veteran Population by Age Group



Source: VA Veteran Population Project Model 2016

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MN Veteran Population, by Age Group
2017 - 2045



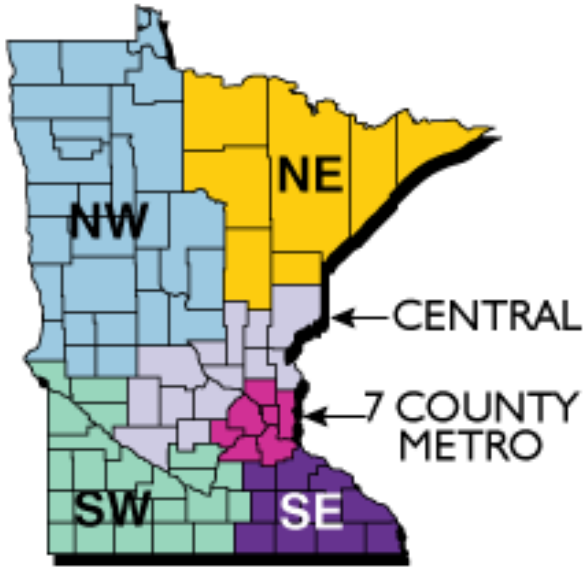
	2017	2020	2025	2030	2035	2040	2045
17-44	54,000	52,000	49,000	43,000	38,000	36,000	36,000
45-64	99,000	86,000	67,000	57,000	52,000	50,000	47,000
65+	175,000	161,000	142,000	122,000	102,000	81,000	65,000
Total	328,000	300,000	258,000	222,000	192,000	167,000	148,000

Data Source: VA Veteran Population Project Model 2016

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Minnesota Veterans Aged 65 and Older, by Region

Minnesota Region	2017
Central	24,000
Metro	77,000
Northeast	15,000
Northwest	26,000
Southeast	19,000
Southwest	15,000
Grand Total	175,000



Graphic from DEED

Regions based on MN Department of Employment and Economic Development (DEED)

Totals may not sum due to rounding

STATE VETERANS HOME PROGRAM

State Veterans homes are established by a State for Veterans disabled by age, disease, or otherwise, who by reason of such disability are incapable of earning a living.

When a State home accepts VA construction grant assistance, at least 75 percent of the bed occupants at any one time at the facility must be Veterans.

Minnesota State Veterans Homes - Types of Care

Skilled Nursing Beds – For those who require ongoing skilled care and medical services, and who otherwise could not live independently.

Domiciliary – Provide assistance for Veterans to attain physical, mental, and social well-being, and provide shelter, food and limited medical care for Veterans suffering from disability, disease, or other incapacitating issues.

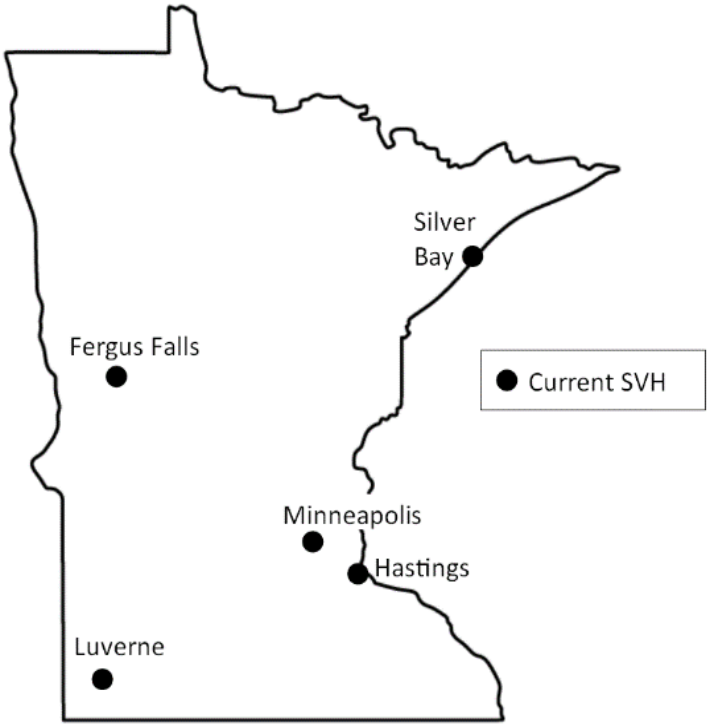
Minnesota State Veterans Homes - Types of Care

Adult Day Center* - Provides therapeutic health care services, delivered by professionals and clinical specialists, in a safe, comfortable environment while retaining the independence of living at home.

It also provides respite and support services for Veterans' caregivers.

**This program is one of two in the nation catering to Veterans and spouses.*

Minnesota State Veterans Home Locations



Minnesota's five Veterans homes provide skilled nursing, domiciliary and adult day services to eligible Veterans and their spouses.

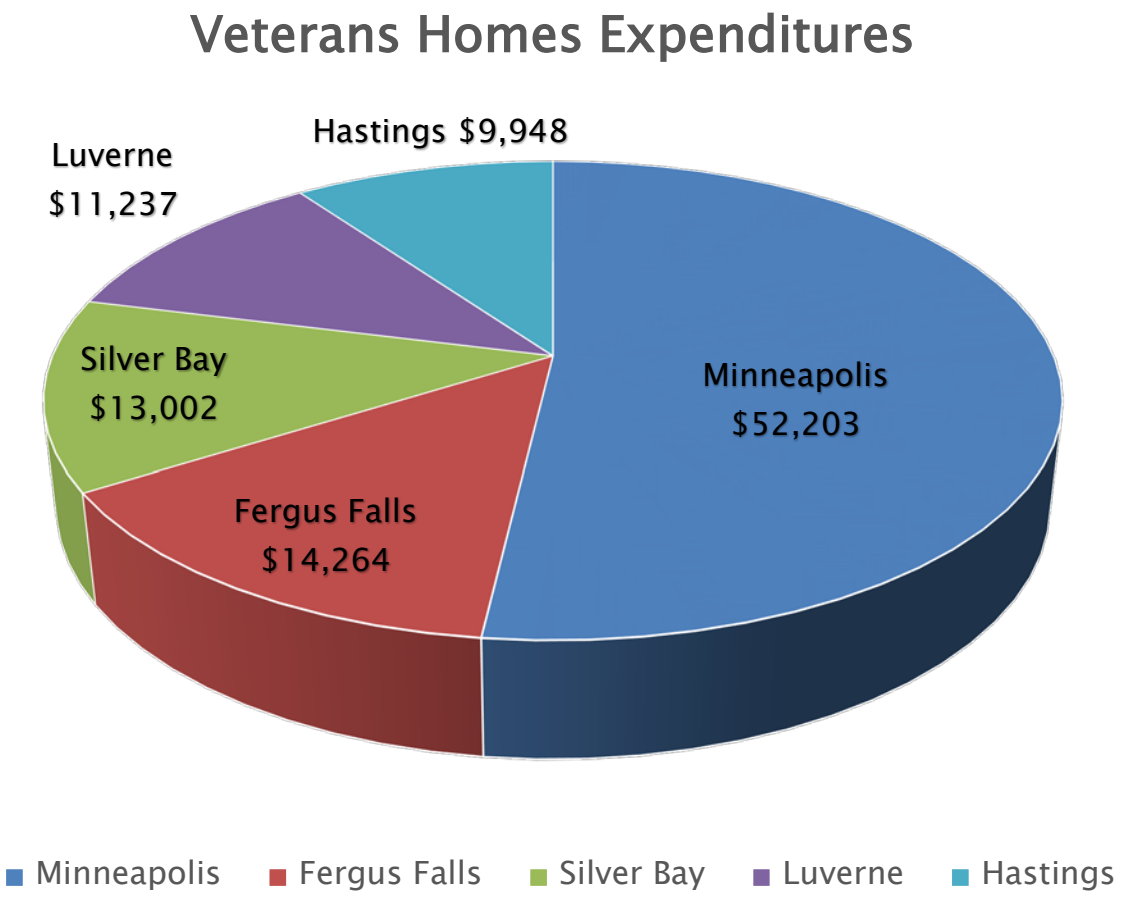
Minnesota State Veterans Homes

Current Bed Information

Location	Bed Type and Count	
	Skilled Nursing	Domiciliary
Fergus Falls	106	
Hastings		200
Luverne	85	
Minneapolis	300	50
Silver Bay	83	
Total by Type	574	250
TOTAL	824	

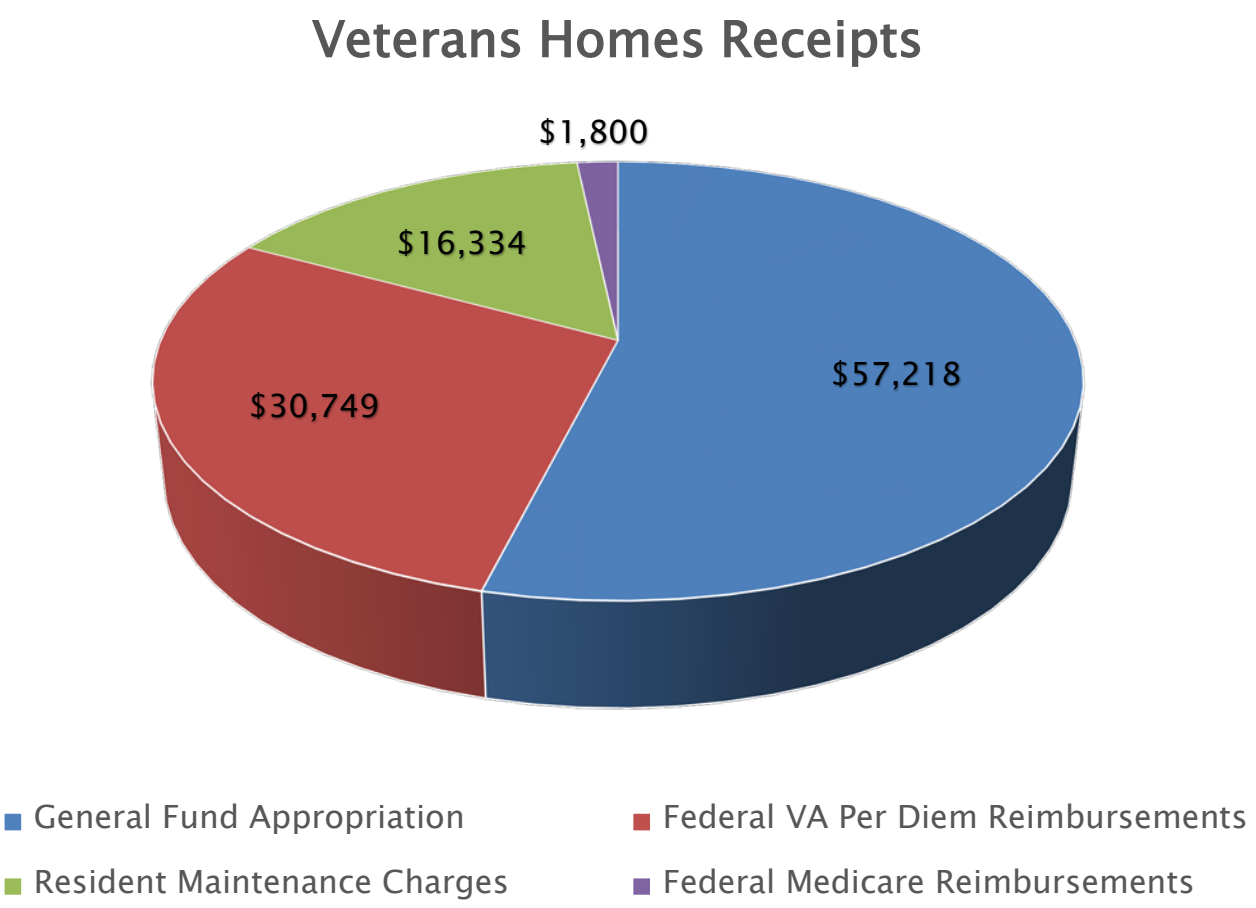
MINNESOTA	
Federally Designated Beds	1,058
Current Beds Utilization	824
Balance	234

Minnesota State Veterans Homes Operations



2017 Financials - Figures are in thousands

Minnesota State Veterans Homes Operations



2017 Financials - Figures are in thousands

Minnesota State Veterans Homes - Detail

Full Cost of Care – A daily rate based on the yearly expenses incurred by MDVA to provide care for all residents in a Veterans Home, divided by the average census of residents in the Veterans Home.

Resident Maintenance Charge – A resident's portion of the Full Cost of Care which is determined according to each individual's ability to pay (based on individual assets, income and expenses).

Federal VA Per Diem Reimbursement – The approved daily rate established by the VA to reimburse state veterans homes for providing specified levels of care to eligible Veterans. 2 Levels:

- **"Full" per diem –** The rate reimbursed to state veterans homes for providing care to eligible Veterans with a 70% or greater service-connected disability.
- **"Regular" per diem –** The rate reimbursed to state veterans homes for providing care to eligible Veterans with less than 70% or no service-connected disability.

New Veterans Home Construction

- Bed Count Overview
- Federal Construction Grants to States
- New Homes Construction Costs
- Homes Operational Funding

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Bed Count Overview

U.S. Dept. of Veterans Affairs (VA) prescribes for each state the number of nursing home and domiciliary beds for which grants may be furnished. This number is based on state-specific Veteran demographics and is formulated by the VA Central Office.

Maximum number of state home, nursing home & domiciliary beds based on 2020 projections, authorized for Minnesota:	1,058
Current bed utilization:	824
Current bed availability:	234

VA Grants For Construction of State Veterans Homes (SVH)

The VA provides competitive grants to states to construct new homes or expand, remodel, or alter current homes. The grants provide up to 65% of total project costs and require at least a 35% state match for top priority groups.

States may apply for a SVH grant in advance of a project or for reimbursement for a completed project. If a state applies for a SVH grant with full match, the soonest a project could be completed is about 5 years, with many projects taking much longer due to limited federal funding.

VA Prioritization

Demand for grant funds exceeds available funding, so the VA maintains a rolling priority list. The list is updated annually and projects that do not receive funding remain on the list until they are funded or the applicant withdraws the application.

Projects are first prioritized based on whether state matching funds have been made available at the time of application. Projects with state matching funds are put into Priority Group 1 and those without matching funds are put in Priority Groups 2-8.

Due to the volume of applications and limited funding, projects without state matching funds at the time of application are unlikely to receive grant funds for many years.

VA Prioritization

Within Priority Group 1, the VA prioritizes funding for safety concerns at existing homes, for those states with the highest unmet bed need, and for renovation. Priority 1 projects are prioritized according to the following criteria:

- 1.1: Remedies for life/safety deficiencies
- 1.2: States that have not previously applied for a grant for a SVH
- 1.3: 'Great need' for beds in a state (unmet need of 2,000 or more)
- 1.4: Renovation other than a 1.1
- 1.5: 'Significant need' for beds in a state (unmet need of 1,000 – 1,999)
- 1.6: For non-compliant projects (additional safety information needed)
- 1.7: 'Limited need' for beds in a state (unmet need of 999 or fewer)

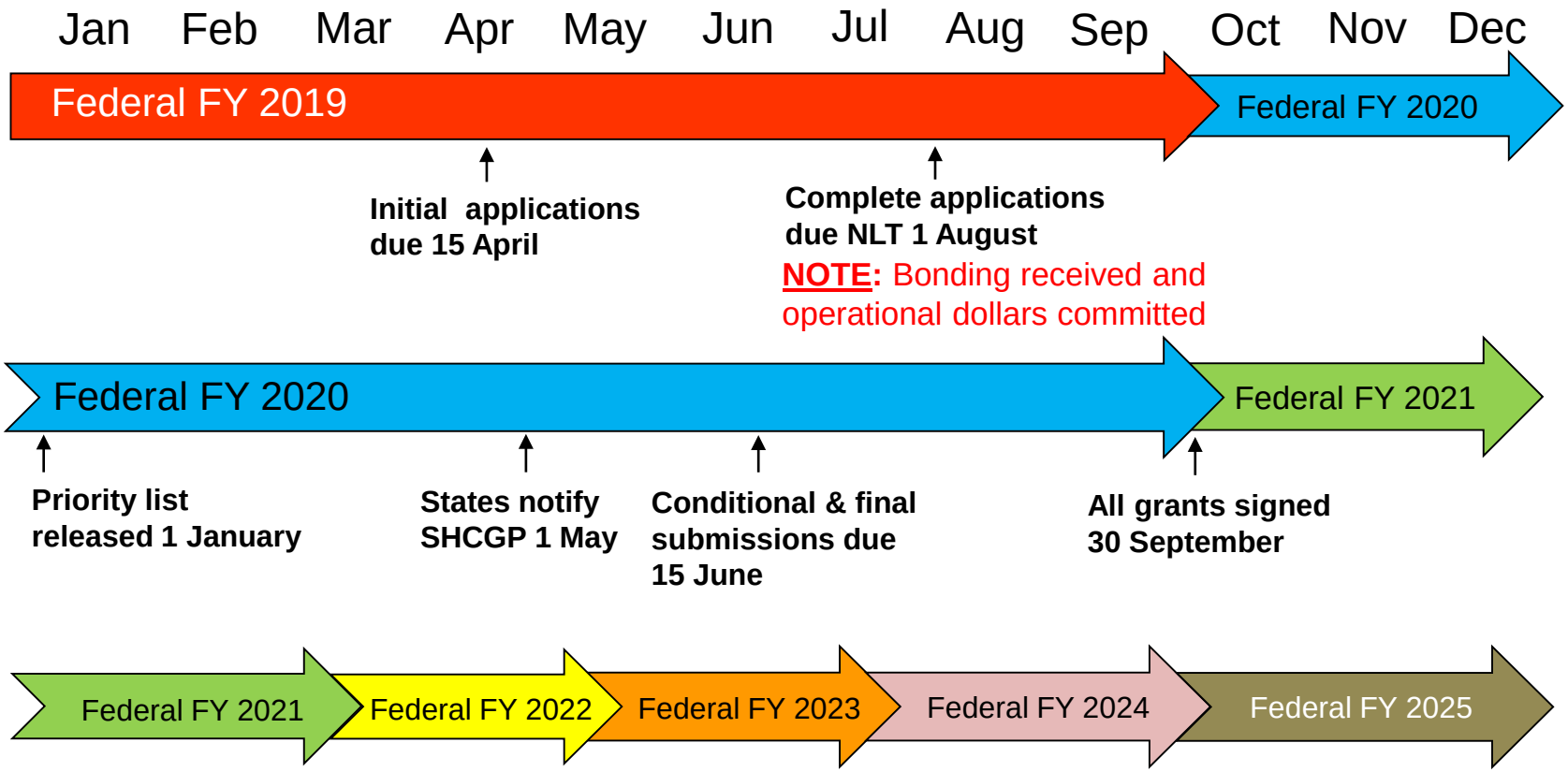
*Minnesota falls in Priority Group 1.7

VA Matching Grants to States For Construction of SVH

If the State were to provide construction funding for a new SVH during the 2018 session, the timeline would likely be as follows:

- Initial application due April 15, 2019
- Application complete by August 1, 2019 (supplemental application materials deadline)
- VA Priority List released January 1, 2020
- Final project submissions due June 15, 2020
- All grants signed by September 30, 2020
- The VA requires that construction be complete within five years of receiving grant funds, or by September 30, 2025 in this scenario.

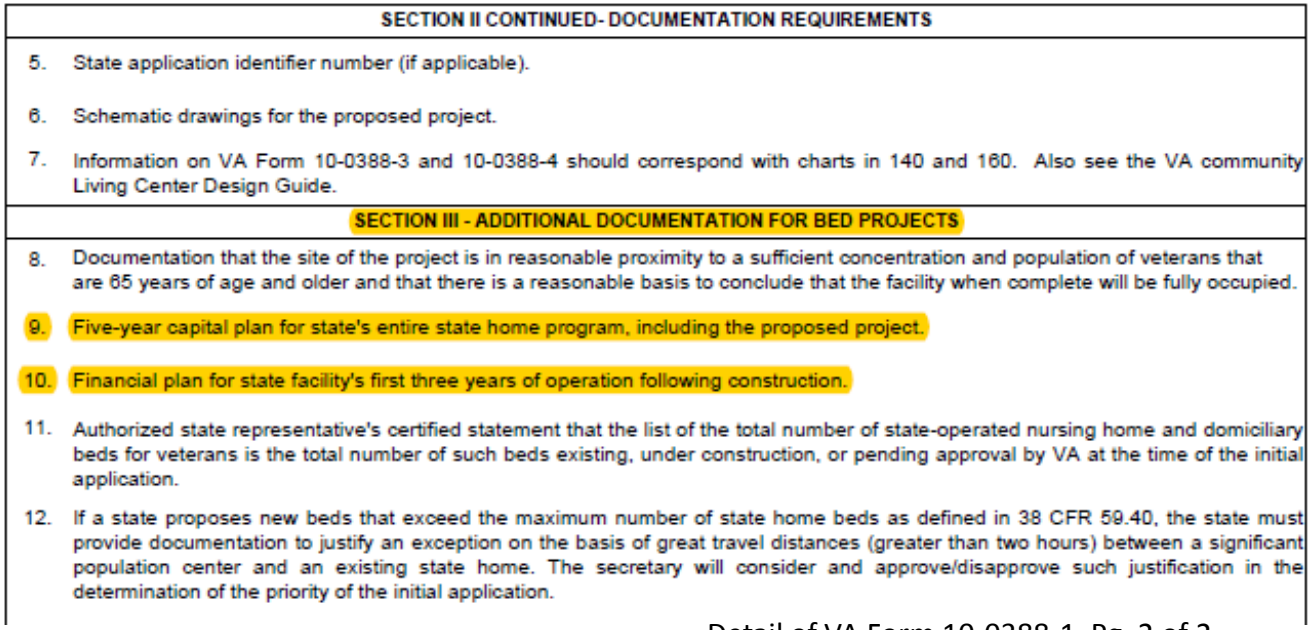
Typical VA Grant Program Timeline for Priority Group 1 (State has matching funds)



States have 5 years from the date of signed MOA to complete project and request withdrawal of all funds

Required Materials - Federal Grants to States For Construction of State Veterans Homes

- Documentation that there is a reasonable basis to conclude that the facility when complete will be fully occupied
- State authorization for the project
- Certificate of State matching funds
  - States certify funds with a copy of legislation or operating budget
- Five-year capital plan for state's entire state home program
- Financial plan for state facility's first three years of operation following construction



SECTION II CONTINUED- DOCUMENTATION REQUIREMENTS	
5.	State application identifier number (if applicable).
6.	Schematic drawings for the proposed project.
7.	Information on VA Form 10-0388-3 and 10-0388-4 should correspond with charts in 140 and 160. Also see the VA community Living Center Design Guide.
SECTION III - ADDITIONAL DOCUMENTATION FOR BED PROJECTS	
8.	Documentation that the site of the project is in reasonable proximity to a sufficient concentration and population of veterans that are 65 years of age and older and that there is a reasonable basis to conclude that the facility when complete will be fully occupied.
9.	Five-year capital plan for state's entire state home program, including the proposed project.
10.	Financial plan for state facility's first three years of operation following construction.
11.	Authorized state representative's certified statement that the list of the total number of state-operated nursing home and domiciliary beds for veterans is the total number of such beds existing, under construction, or pending approval by VA at the time of the initial application.
12.	If a state proposes new beds that exceed the maximum number of state home beds as defined in 38 CFR 59.40, the state must provide documentation to justify an exception on the basis of great travel distances (greater than two hours) between a significant population center and an existing state home. The secretary will consider and approve/disapprove such justification in the determination of the priority of the initial application.

Detail of VA Form 10-0388-1, Pg. 2 of 2

New Homes Construction Costs

- **Estimated total construction cost for one (1) new 72 bed facility: $62.6 million**

  Based on 97,850 sq. ft. per facility at $640 per sq. ft.*

- Federal Department of Veterans Affairs provides 65% (or $40.7 million) of construction costs
- State of Minnesota provides 35% (or $21.9 million) of construction costs

**Based on midpoint of construction (2024).*

- *<u>Does not</u> include predesign costs estimated at approximately $3 million.*
- *<u>Does not</u> include land acquisition, site abatement, site demo, extensive infrastructure. Assumes donated clean land, not on wetlands, and utilities already to site.*
- *Estimated construction cost escalation (e.g. inflation) equates to 1-1.5% per quarter, or up to 6% per year.*

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New Homes Operation Costs

- **Total estimated expenditures to operate one (1) new 72 bed facility: $10 million annually** (based on FY16 expenditures for existing SVH in Greater Minnesota)

  Estimated Expected Revenues: $5 million - Resident Maintenance Charges, Per Diem & Medicare Reimbursements

- **Estimated Additional General Fund Appropriation Needed to Fund New Home: Approximately 50% of the expected annual operational expenditures.**

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Questions?