

June 2002

VETERANS HOME BASIC CARE UNIT - ESTIMATED FISCAL IMPACT OF 10 ADDITIONAL RESIDENTS

At the committee's April 15, 2002, meeting, the Veterans Home testified that the bill draft changing the residency requirement for veterans to be admitted to the Veterans Home from 1 year to 30 days may result in additional residents at the Veterans Home. The Veterans Home provided information indicating the additional costs and revenues that would result from an additional 10 residents. The information assumes that all 10 residents would be eligible for federal Veterans Administration per diem (currently \$24.40 per day). This memorandum provides additional information regarding Veterans Home basic care unit costs, detail of increased costs and revenues relating to the additional 10 residents, and the potential general fund impact of the additional residents.

BEDS AND RESIDENTS

The Veterans Home basic care unit is licensed for 111 beds. In fiscal year 2001, the Veterans Home averaged 92.75 basic care residents, 88.5 of whom were eligible for Veterans Administration per diem. The unit had an average of 18.25 vacant beds.

BASIC CARE UNIT COSTS - FISCAL YEAR 2001

Veterans Home basic care unit costs for fiscal year 2001 are:

Cost Center	Cost
Therapy	\$21,061
Nursing	567,693
Meals	143,250
Laundry	28,007
Social services	92,904
Activities	22,702
Administration	267,529
Chaplain	3,549
Pharmacy	2,127
Plant services	285,652
Housekeeping	114,855
Dietary	244,818
Property	26,298
Total	\$1,820,445

BASIC CARE UNIT REVENUES - FISCAL YEAR 2001

Veterans Home revenue collections for fiscal year 2001 included:

Federal Veterans Administration (per diem)	\$905,573
Resident collections	354,260
Total	\$1,259,833

ESTIMATED COST INCREASES - 10 ADDITIONAL RESIDENTS

The Veterans Home projects the following annual cost increases if the home's population increases by 10 basic care residents:

Cost Center	Description - Veterans Home Comments	Cost Increase
Therapy	Staffing is adequate for 111 residents; no additional costs anticipated	
Nursing ¹	Staffing is adequate for 111 residents; basic care residents are responsible for purchasing their own medications and supplies	
Meals	Cost per day of \$4.25 per resident	\$15,513
Laundry	Staffing is adequate for 111 residents; basic care residents do their own laundry	
Social services	Staffing is adequate for 111 residents; no additional costs are anticipated	
Activities	Staffing is adequate for 111 residents; no additional costs are anticipated	
Administration	Staffing is adequate for 111 residents; no additional costs are anticipated	
Chaplain	Staffing is adequate for 111 residents; no additional costs are anticipated	
Pharmacy	Staffing is adequate for 111 residents; no additional costs are anticipated	
Plant services	Increase in water and garbage costs of \$.81/resident/day	2,957
Housekeeping	Staffing is adequate for 111 residents; no additional costs are anticipated	
Dietary	Staffing is adequate for 111 residents; no additional costs are anticipated	
Property	No additional costs are anticipated	
Total annual cost increase		\$18,470

¹ Nursing staff of the basic care unit consists of one unit manager, five nurses, and three certified nurse assistants. The staff members fill three daily shifts providing 24-hour coverage for up to 111 basic care residents.

ESTIMATED REVENUE INCREASES

The Veterans Home projects the following annual revenue increases if the home's population increases by 10 basic care residents and all are eligible for Veterans Administration per diem:

Federal Veterans Administration (per diem)	\$89,060 ¹
Resident collections	30,000
Total annual revenue increase	\$119,060
¹ Assumes all 10 new residents would be eligible for federal Veterans Administration per diem (\$24.40 per day).	

ESTIMATED BIENNIAL FISCAL IMPACT

The estimated biennial fiscal impact of 10 additional Veterans Home residents, if all are eligible for Veterans Administration per diem, is:

	Biennial Estimate
Veterans Home revenue increase	\$238,120
Veterans Home cost increase	36,940
Potential reduction in Veterans Home biennial general fund appropriation	\$201,180