Scott Walker, Governor

Kenneth B. Black, Secretary

STATE OF WISCONSIN
DEPARTMENT OF VETERANS AFFAIRS

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P.O. Box 7843
Madison, WI 53707-7843

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January 24, 2011

The Honorable Robert Cowles
Senate Co-Chairperson
Joint Committee on Audit
Room 118 South, State Capitol
Madison, WI 53707

The Honorable Samantha Kerkman
Assembly Co-Chairperson
Joint Committee on Audit
Room 315 North, State Capitol
Madison, WI 53707

Dear Senator Cowles and Representative Kerkman:

In its Letter Report titled, Rate Setting at the Wisconsin Veterans Home, issued in August 2010, the Legislative Audit Bureau recommended the Board of Veterans Affairs:

- amend ch. VA 6, Wis. Adm. Code, to include a formula for calculating private pay rates for nursing home and assisted living care at the Wisconsin Veterans Homes, with clear definitions of rate-setting terms such as "costs of care";
- specify whether separate rates should be calculated for each home or a single rate should be established for both;
- formally review and approve all rate-setting proposals developed by DVA staff; and
- require the agency to report to the Joint Legislative Audit Committee by January 24, 2011, on its progress in implementing these rule changes.

The undersigned respectfully request an extension of the date by which the Department of Veterans Affairs, at the direction of the Board of Veterans Affairs, must report on its progress in implementing the recommended rule changes from January 24, 2011, to February 22, 2011.

Thank you for your consideration of our request.

Sincerely,

Kenneth B. Black
Secretary
Department of Veterans Affairs

Daniel J. Naylor
Chair
Board of Veterans Affairs

Cc: Janice Mueller, State Auditor
Paul Stuiber, Deputy State Auditor
Board of Veterans Affairs

Scott Walker, Governor

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Room 315 North, State Capitol
Madison, WI 53707

Dear Senator Cowles and Representative Kerkman:

The Department of Veterans Affairs is pleased to report to the Joint Committee on Audit the current financial status of the Wisconsin Veterans Homes and its plans to achieve future financial solvency for them, as recommended by the Legislative Audit Bureau in its Letter Report titled, Rate Setting at the Wisconsin Veterans Home, issued August 2010.

The current financial status of the Homes for Veterans Fund, a nonmajor enterprise accounting fund that accounts for the nursing home and assisted living facilities for veterans and their spouses and which is combined with The Northern, Central and Southern Developmental Disabilities Center Funds for presentation in the State of Wisconsin Comprehensive Annual Financial Report, is provided in the following attachments:

- Attachment 1 - Balance Sheet, June 30, 2010;
- Attachment 2 - Statement of Revenues, Expenses and Changes in Net Fund Assets, For the Fiscal Year Ended June 30, 2010; and
- Attachment 3 - Statement of Cash Flows, For the Fiscal Year Ended June 30, 2010.

With respect to the Department's plan to achieve future financial solvency for the Wisconsin Veterans Homes, the Department's reorganization plan is critical to this goal. The reorganization plan (Plan) maps out specific steps to: operate more efficiently; address key issues; and utilize the Department's workforce more productively. The Plan supports the Department's Strategic Plan (Attachment 4), which was prepared under my direction in July 2010, and its goals and objectives in the areas of services, personnel and resource management.

Within the reorganization plan, the goals enumerated for the Wisconsin Veterans Homes are to:

- Create a consistent, articulated vision for the future;
- Standardize operations for program, clinical and service delivery;
- Consider recommendations included in the Operational Assessment Report prepared for the Wisconsin Department of Veterans Affairs by Pathway Health Services, Inc. and released in April 2009;
- Establish cost-savings through operating efficiencies.

The Department is a large and complex state agency and many of the changes in the Plan are subject to approval by Board of Veterans Affairs, the Governor or the Legislature as statutes and administrative rules govern certain aspects of organizational structure. The Department presented to the Board of Veterans Affairs at its December 2010 meeting an overview of the Plan (Attachment 5), which was necessarily limited in scope because of provisions that involve or could affect collective bargaining issues. The Board of Veterans Affairs will next consider the Plan at its February 10-11, 2011 meeting, after an agenda item for consideration at the January 20, 2011, Special Board Meeting was tabled for consideration.

Subject to the necessary approvals, certain elements of the Plan will be implemented within three to four months, while others will take up to a year to fully implement. The Department will prepare comprehensive business plans for each of its existing Veterans Homes that will demonstrate the positive impact the planned reorganization will have on the future financial solvency of the Homes. The business plans will be similar to that which was prepared for the Chippewa Falls Veterans Home, which is scheduled to open during the 2011-13 biennium (Attachment 6), and will incorporate the demand analysis for skilled nursing that the Department briefed to the Board of Veterans Affairs at its December 2010 meeting (Attachment 7).

In addition to the above, the Department is evaluating revenue enhancement opportunities for the Veterans Homes, including the potential for Medicare certification for the Veterans Home at King and the feasibility of implementing the Family Care program in the Assisted Living facilities at the Veterans Home at Union Grove. The Department has nearly concluded its analysis of the feasibility of Medicare certification and will be providing the same to the Board of Veterans Affairs at its February 10-11, 2011 meeting, while the feasibility of implementing Family Care is will be undertaken in the immediate future.

Our efforts to achieve financial solvency for the Wisconsin Veterans Homes were undertaken in advance of the issuance of the Letter Report on Rate Setting at the Wisconsin Veterans Home by the Legislative Audit Bureau. We appreciate their recommendation and the opportunity it has provided to share those efforts with you.

Please let me know if you have any questions regarding our plan for future financial solvency of the Wisconsin Veterans Homes.

Sincerely,
DEPARTMENT OF VETERANS AFFAIRS

Kenneth B. Black

Kenneth B. Black
Secretary

Cc: Janice Mueller, State Auditor
Board of Veterans Affairs

Wisconsin Department of Veterans Affairs
Homes for Veterans
Balance Sheet
As of June 30, 2010

ATTACHMENT 1

	June 30, 2010	June 30, 2009
Assets:		
Current Assets:		
Cash and Cash Equivalents	$ 7,954,352	$ 3,384,759
Receivables (Less Allowance)	2,632,314	2,478,118
Due From Other Funds	34,559	2,719,416
Due From Other Governments	6,292,956	8,147,023
Inventories	913,005	1,176,160
Prepaid Items	1,363,771	1,183,637
Total Current Assets	$ 19,190,957	$ 19,089,113
Non-Current Assets:		
Deferred Charges	$ 29,259	$ 32,814
Depreciable Capital Assets Less Depreciation	53,854,681	53,329,388
Non-Depreciable Capital Assets	4,356,587	3,535,974
Total Non-Current Assets	$ 58,240,527	$ 56,898,176
Total Assets	$ 77,431,484	$ 75,987,289
Liabilities:		
Current Liabilities:		
Accounts Payable and Accrued Liabilities	$ 4,517,237	$ 4,450,901
Due to Other Funds	6,331,493	3,044,457
Due to Other Governments	233,450	339,694
Tax and Other Deposits	18,405	18,051
Interest Payable	80,850	82,919
Short Term Notes Payable	1,350,998	1,605,289
Compensated Absences	24,101	804,254
General Obligation Bonds Payable	310,800	299,729
Total Current Liabilities	$ 12,867,333	$ 10,645,295
Non-Current Liabilities:		
Compensated Absences	$ 1,697,126	$ 886,731
Other Postemployment Benefits	5,115,054	3,400,485
General Obligation Bonds Payable	10,301,110	10,611,910
Total Long-Term Liabilities	$ 17,113,290	$ 14,899,126
Total Liabilities	$ 29,980,623	$ 25,544,421
Equity:		
Invested in Capital Assets, Net of Related Debt	$ 46,277,620	$ 44,381,248
Unrestricted	1,173,241	6,061,621
Total Equity	$ 47,450,861	$ 50,442,868
Total Liabilities and Equity	$ 77,431,484	$ 75,987,289

Wisconsin Department of Veterans Affairs
Homes for Veterans
Statement of Revenues, Expenses, and Changes in Fund Net Assets
For the Fiscal Year Ended June 30, 2010

ATTACHMENT 2

For the Period Ending:	June 30, 2010	June 30, 2009
Operating Revenues:		
Charges for Goods and Services	$ 88,293,948	$ 84,081,922
Other Income	-	-
Total Operating Revenues	88,293,948	84,081,922
Operating Expenses:		
Personal Services	$ 69,625,356	$ 67,049,840
Supplies and Services	15,810,511	17,532,002
Other Expenses	689,769	511,715
Depreciation	3,355,365	3,038,405
Total Operating Expenses	$ 89,481,001	$ 88,131,961
Operating Income (Loss)	(1,187,053)	(4,050,039)
Nonoperating Revenues (Expenses):		
Gifts and Donations	$ 253,628	$ 255,547
Operating Grants	36,514	34,800
Investment and Interest Income	922	2,571
Non-Operating Grants Disbursed	(293,758)	(33,750)
Gain (Loss) on Disposal of Fixed Assets	(971)	2,852
Interest Expense	(411,116)	(525,270)
Other Revenue	106,765	68,360
Total Nonoperating Revenues(Expenses)	$ (308,017)	$ (194,890)
Income(Loss) Before Contributions and Transfers	$ (1,495,070)	$ (4,244,929)
Capital Contributions	$ 1,192,297	$ 1,875,974
Interfund Transfers In	483,951	1,132,587
Interfund Transfers Out	(2,924,824)	(8,710,132)
Net Income Before Extraordinary Items	$ (2,743,646)	$ (9,946,499)
Change in Net Assets	$ (2,743,646)	$ (9,946,499)
Total Net Assets, Beginning of Year	$ 50,442,868	$ 60,389,367
Adjustments to Net Assets	$ (248,362)	$ -
Total Net Assets, End of Year	$ 47,450,861	$ 50,442,868

Wisconsin Department of Veterans Affairs
Homes for Veterans
Statement of Cash Flows
For the Fiscal Year Ended June 30, 2010

ATTACHMENT 3

CASH FLOW STATEMENT AS OF:	June 30, 2010	June 30, 2009
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash Received From Customers	$ 92,176,682	$ 77,076,806
Cash Payments to Suppliers	(16,123,404)	(17,551,358)
Cash Payments to Employees	(66,912,510)	(65,006,333)
Other Operating Revenues	-	-
Other Operating Expenses	-	-
Other Sources of Cash	116,757	79,735
Other Uses of Cash	-	-
Net Cash Provided by Operating Activities	$ 9,257,525	$ (5,401,150)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
Other Cash Flows from Non-Capital Financing Actvities	$ 253,628	$ 255,547
Interfund Loans	-	-
Operating Grants Received	33,214	34,800
Grants Disbursed	(293,758)	(33,750)
Interfund Transfers In	373,828	985,554
Interfund Transfers Out	(1,982,007)	(8,716,285)
Net Cash Provided by Noncapital and Related Financing Activities	$ (1,615,095)	$ (7,474,133)
CASH FLOWS FROM CAPITAL & RELATED FINANCING ACTIVITIES:		
Proceeds from Issuance of Long-term Debt	$ -	$ -
Capital Contributions	1,192,297	1,875,974
Repayment of Bonds and Notes	(511,436)	(467,056)
Proceeds from Short-term Notes	-	-
Interest Payments	(488,357)	(572,690)
Capital Lease Obligations	-	-
Payments for Purchase of Fixed Assets	(3,405,110)	(4,355,780)
Other Cash Inflows from Capital Financing Activities	138,847	463,605
Other Cash Outflows from Capital Financing Activities	-	-
Net Cash Provided From Capital and Related Financing Activities	$ (3,073,760)	$ (3,055,946)
Cash Flows from Investing Activities:		
Interest Income	$ 922	$ 11,180
Net Cash Provided by Investing Activities	$ 922	$ 11,180
Net Increase (Decrease) in Cash	$ 4,569,593	$ (15,920,049)
Cash Beginning of Year	$ 3,384,759	$ 17,550,690
Cash End of Year	$ 7,954,352	$ 1,630,640

Wisconsin Department of Veterans Affairs
Homes for Veterans
Statement of Cash Flows
For the Fiscal Year Ended June 30, 2010

ATTACHMENT 3

Reconciliation of Operating Income (Loss) to Net Cash Provided by Operations:		
Net Operating Income	$ (1,187,053)	$ (4,050,039)
Net Cash Provided by Operating Activities:		
Depreciation	$ 3,355,365	$ 3,038,405
Provision for Uncollectible Accounts	689,769	511,715
Nonoperating Expenditures	-	-
Nonoperating Revenue	116,757	79,735
Miscellaneous Nonoperating Income (Expense)	(2,600)	-
Changes in Assets and Liabilities:		
Decrease (Increase) in Accounts Receivable	$ (843,965)	$ (1,508,183)
Decrease (Increase) in Due From Other Funds	559,756	(186,959)
Decrease (Increase) in Due From Other Govts	4,159,764	(5,309,975)
Decrease (Increase) in Inventories	14,793	22,454
Decrease (Increase) in Prepaid Expenses	(180,135)	(117,757)
Increase (Decrease) in Accounts Payable	(144,362)	(102,506)
Increase (Decrease) in Due to Other Funds	1,080,514	(121,263)
Increase (Decrease) in Due to Other Govts	(106,244)	195,054
Increase (Decrease) in Interfund Loans Payable	-	-
Increase (Decrease) in Tax and Other Deposits	354	(1,463)
Increase (Decrease) in Compensated Absences	30,243	229,768
Increase (Decrease) in Other Postemployment Benefits	1,714,570	1,919,863
Total Adjustments	$ 10,444,578	$ (1,351,111)
Net Cash Provided by Operations:	$ 9,257,525	$ (5,401,150)

ATTACHMENT 4

STRATEGIC PLAN

WISCONSIN DEPARTMENT OF VETERANS AFFAIRS

2010-2015

INTRODUCTION

Dear Colleagues,

I am pleased to present the Wisconsin Department of Veterans Affairs Strategic Plan for 2010-2015.

Wisconsin has a proud tradition of providing quality benefits and services to our veterans. Without question, our organization will need to fine-tune these benefits and services as the climate in which we operate evolves.

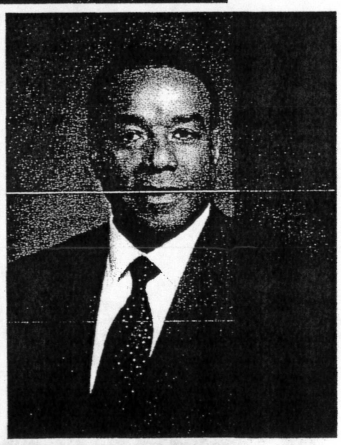
So many important changes are taking place in the veterans community: The style of wars and conflicts in which our veterans serve, the challenges they face upon returning home, and even the nature of the veterans population itself.

With planning and preparation, the Wisconsin Department of Veterans Affairs can and will adapt. We will continue to be a national leader in serving the veterans community. We will carry on the proud tradition of welcoming veterans home to Wisconsin and repaying the debt of their service with extraordinary service of our own.

We are proud of our commitment to serving Wisconsin Veterans and their families and through adoption of this plan, we reaffirm that commitment.

Kenneth B. Black

Kenneth B. Black
Secretary



Secretary
Kenneth B. Black

CONTENTS

Overview – 4

Process – 5

Mission and Vision – 7

Core Values – 8

Goals and Objectives – 9

OVERVIEW

History

To administer state veterans programs, the Legislature created the Wisconsin Department of Veterans Affairs (WDVA) in 1945. The department was given administrative responsibility for the Grand Army Home at King, the GAR Memorial Hall in the Capitol, the state's economic and education assistance benefits for veterans, and other programs.

WDVA also assumed responsibility for segregated funds for veterans that were combined in 1961 to form the Veterans Trust Fund.

WDVA today

WDVA's responsibilities have grown since its 1945 inception. In addition to a wide array of programs and services, WDVA now operates an additional veterans home located at Union Grove, manages state veterans cemeteries located near Spooner, Union Grove and King, and has overseen the transformation of the GAR Memorial Hall into the Wisconsin Veterans Museum.

PROCESS

Managers from all aspects of WDVA's operations were actively involved in the development of this strategic plan. As a team, managers brought varying perspectives from within the organization to bear on the creation of the strategic plan.

Represented during the planning process were:

- Secretary
- Deputy Secretary
- Division of Administration
- Bureau of Information Systems
- Division of Veterans Benefits/Services
- Division of Veterans Homes
- Office of Legal Counsel
- Office of Policy, Planning and Budget
- Office of Public Affairs
- Wisconsin Veterans Museums

The work group participated in a series of collaborative meetings. During these day-long planning sessions, all participants contributed equally, sharing information and opinions. As a result, the work group benefited from a clear understanding of how each area within WDVA operates, intersects with other areas and impacts the veterans population.

Together, the work group engaged in a detailed SWOT analysis, identifying organizational and environmental strengths, weaknesses, opportunities and threats.

Mission and vision statements were then developed, with care given to express statements that applied and resonated equally with regard to all aspects of WDVA's work, including programs and services, the Veterans Homes and the Wisconsin Veterans Museum. Creating all-encompassing mission and vision statements was a challenge, given the breadth of WDVA's responsibilities and operations.

The work group felt it was important to discuss organizational values, creating a list that enhances leadership's vision for the organization.

Finally, goals, then objectives were developed. This exercise allowed members of the work group to better articulate and expand upon WDVA's mission and vision statements. Organizational and environmental findings from the SWOT analysis were applied to the goals and objectives in order to create a logical road map that leads to the successful fulfillment of the mission statement.

A challenge in creating goals and objectives was retaining broad enough concepts from which all divisions and offices within WDVA were able to logically build action plans. We relied on model goals and objectives from other organizations in structuring this part of the strategic plan.

MISSION and VISION

Together, the work group developed the following mission and vision statements.

Mission

To work on behalf of Wisconsin's veterans community - - veterans, their families and their survivors - - in recognition of their service and sacrifice to our state and nation.

Vision

To expand Wisconsin's role as a dynamic leader in providing exceptional service to veterans throughout their lifetime and beyond.

CORE VALUES

Dedication
We are committed to the veterans we serve and to our mission.

Respect
We treat all people with respect, including members of the veterans community, coworkers and stakeholders.

Compassion
Our veterans community, coworkers and stakeholders are deserving of care, concern and dignity.

Integrity
We conduct ourselves ethically and strive to uphold the public trust.

Accountability
We take responsibility for our actions and follow through on our promises.

Efficiency
We conduct business in a timely fashion and use resources wisely.

Innovation
We approach our mission with forward-thinking creativity.

Responsiveness
We adapt readily to change.

GOALS and OBJECTIVES

These goals and shorter-term objectives will drive WDVA activities and focus over the coming years.

SERVICES

Deliver quality programs and services that meet the needs of the veterans community

- Evaluate programs and services
- Increase utilization of programs and services
- Modify, as needed, existing programs and services to meet changing needs
- Identify, develop and implement new programs and services as needed

COMMUNICATIONS

Appropriately and effectively exchange information with the public, stakeholders, and staff

- Increase public knowledge of WDVA
- Educate the public about the veterans community and the needs of veterans
- Increase outreach to the veterans community regarding programs and services
- Improve WDVA's internal communications
- Improve communication with WDVA stakeholders

PERSONNEL

Maximize the recruitment and retention of a productive workforce

- Allocate personnel resources to meet program area needs
- Recruit and retain quality personnel
- Develop staff

INFRASTRUCTURE

Ensure availability of infrastructure assets to support program needs

- Evaluate current infrastructure requirements
- Develop a long-term capital investment plan

RESOURCE MANAGEMENT

Evaluate, develop and deploy appropriate resources and ensure their optimal use

- Evaluate programs and services
- Create a comprehensive revenue development plan
- Perform a comprehensive budget analysis

Transforming WDVA: A Vision for the Future

Wisconsin Department of Veterans Affairs

Reorganization Plan

December 2010

Introduction

The Reorganization Plan maps out specific steps to

- Operate more efficiently
- Increase outreach
- Address key issues
- Utilize workforce more productively

Reorganization Plan enables WDVA to ***provide better service to veterans***

Overview of Process

- Plan developed collaboratively
- All operations addressed: Transformation of Department
- A comprehensive transition to the future
- Tied to Strategic Plan

Strategic Plan

The Strategic Plan focused on

- Services
- Communications
- Personnel
- Infrastructure
- Resource Management

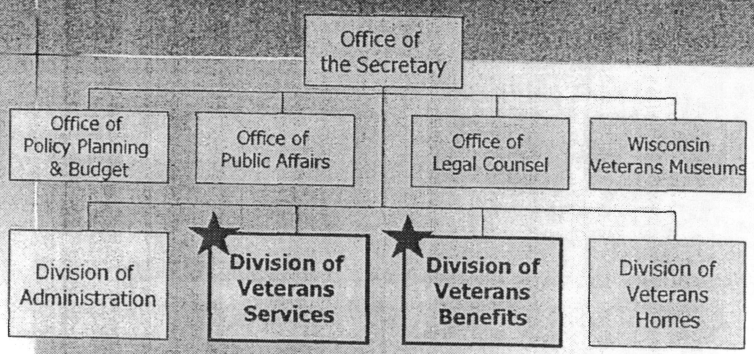
We'll use the strategic plan as a guide to walk through the big picture changes associated with the Reorganization Plan.

Strategic Plan: Services

"Deliver quality programs and services that meet the needs of the veterans community"

- Evaluate programs and services
- Increase utilization of programs and services
- Modify, as needed, existing programs and services to meet changing needs
- Identify, develop and implement new programs and services as needed

Department of Veterans Affairs



With the Strategic Plan objectives in mind, let's take a closer look at proposed changes to the Division of Veterans Services and Division of Veterans Benefits.

Key Transformations

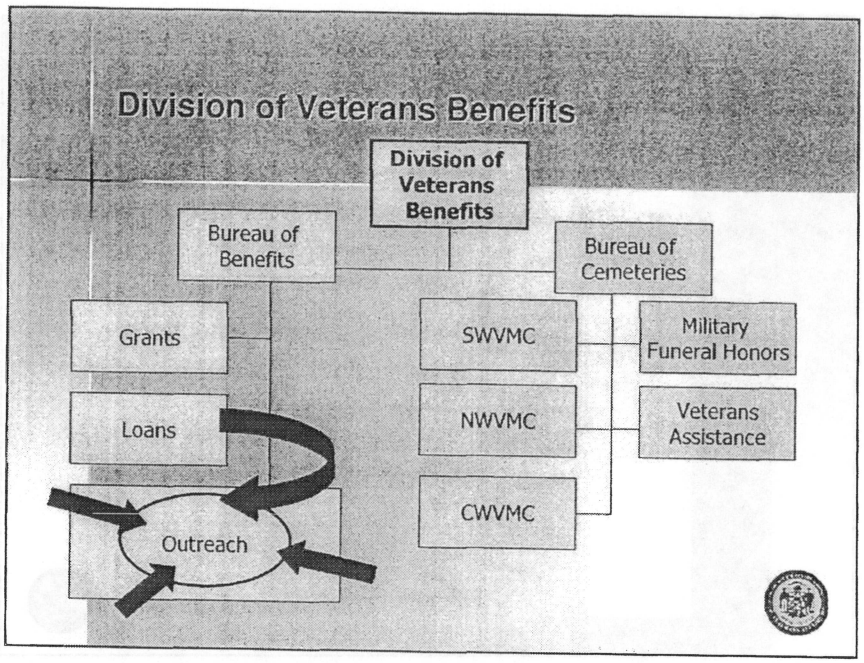
Division of Veterans Benefits, Division of Veterans Services

- Strengthen outreach
- Sharpen geographic focus
- Sync outreach to needs of veterans
- Streamline benefits and services operations

Strengthen Outreach

Division of Veterans Benefits

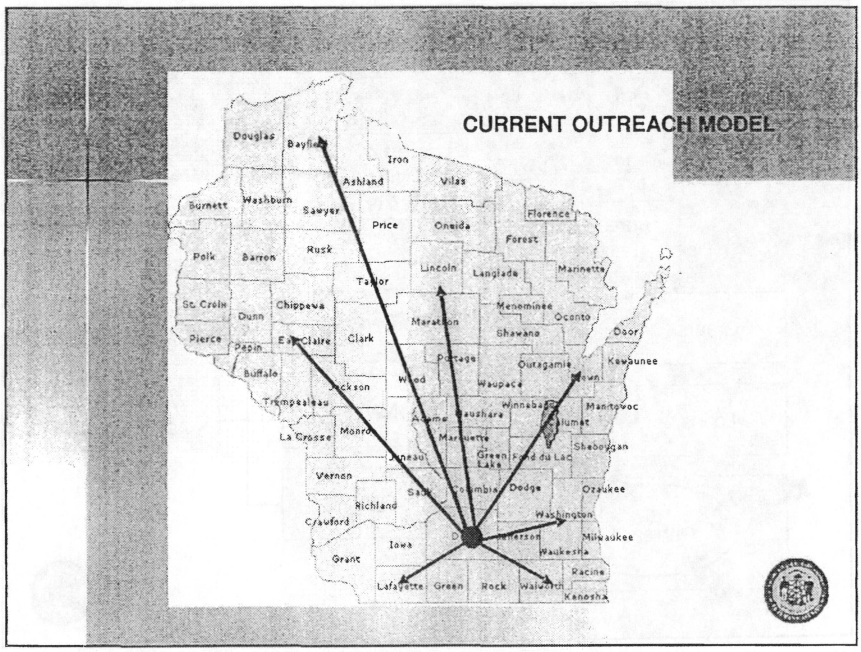
- Add more manpower to Outreach
- Redeploy underutilized Loan staff to focus where most needed: Outreach
- Dedicate additional vacancies to further strengthen Outreach

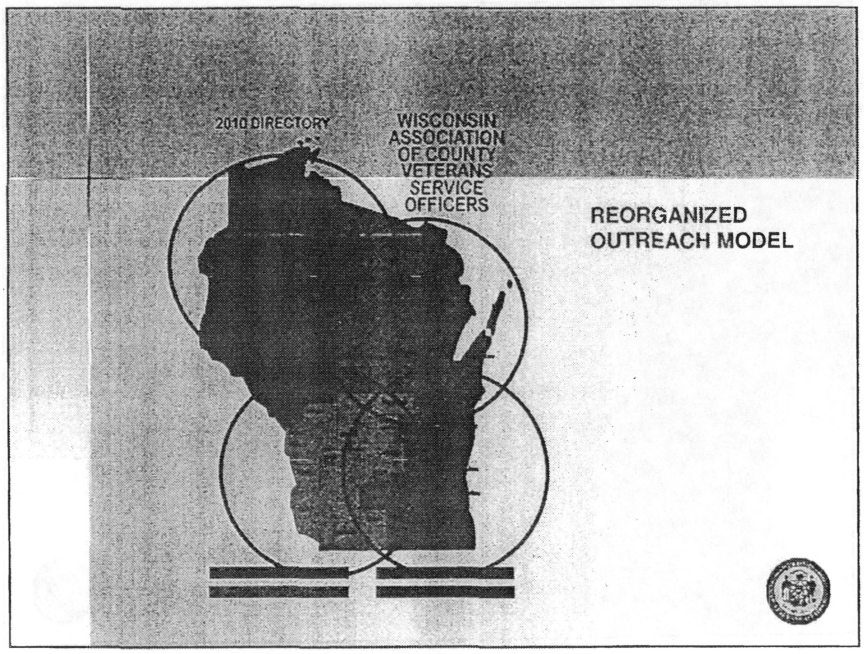


Sharpen Geographic Focus

Division of Veterans Benefits

- Alter Outreach structure and assignments to geographic focus
  - Better reach all areas of the state
  - Stronger, more stable work relationships at local level


CURRENT OUTREACH MODEL
Douglas
Iron
Ashland
Vilas
Burnett
Washburn
Sawyer
Price
Oneida
Florence
Forest
Polk
Barron
Rusk
Lincoln
Langlade
Marinette
St. Croix
Dunn
Chippewa
Menominee
Oconto
Pierce
Pepin
Clark
Shawano
Door
Buffalo
Outagamie
Kewaunee
Waupaca
Trempealeau
Manitowoc
La Crosse
Sheboygan
Vernon
Dodge
Ozaukee
Richland
Washington
Crawford
Milwaukee
Iowa
Waukesha
Grant
Racine
Lafayette
Green
Rock
Kenosha


2010 DIRECTORY
WISCONSIN ASSOCIATION OF COUNTY VETERANS SERVICE OFFICERS
REORGANIZED OUTREACH MODEL

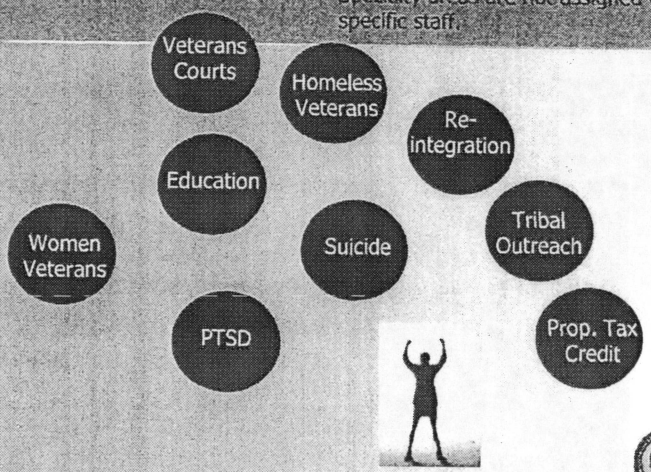
Sync Outreach to Need

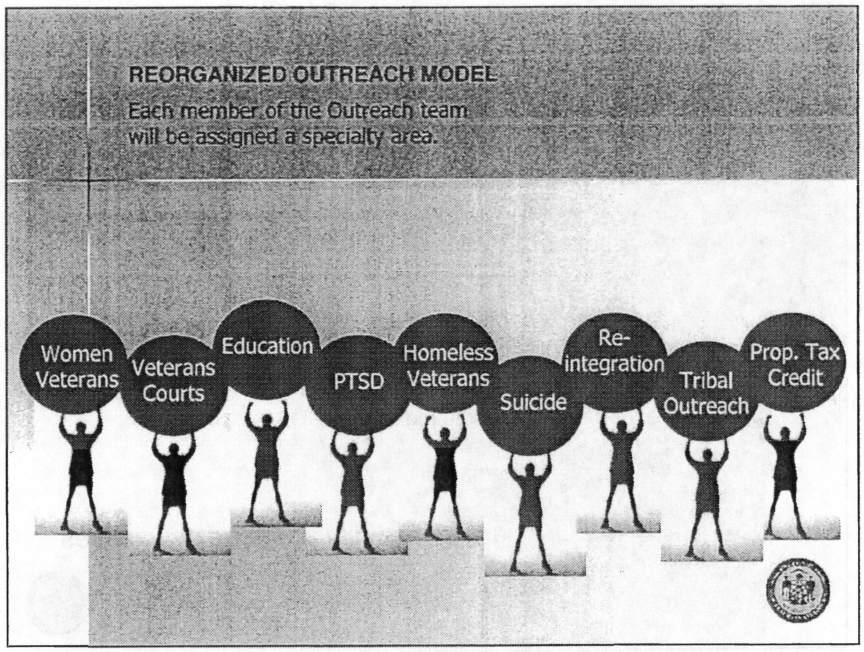
Division of Veterans Benefits

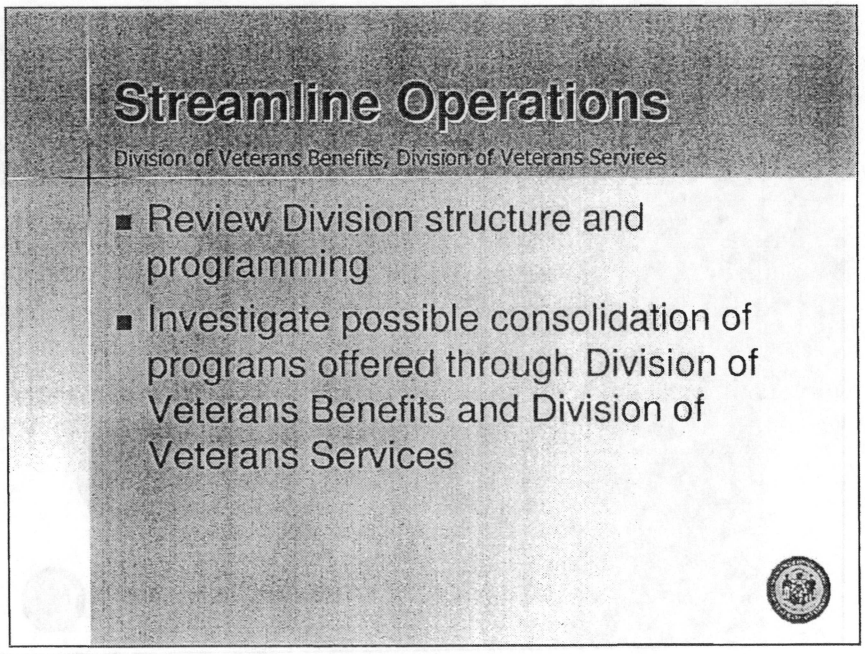
- Re-envision Outreach staff as specialists, each responsible for a mission-critical assignment
  - Mission Welcome Home (reintegration)
  - Tribal outreach
  - Property tax credit
  - Education
  - Suicide prevention
  - Law enforcement training and PTSD
  - Homelessness
  - Women veterans/health
  - Veterans Courts
- Ability to add/change specialty areas as new issues arise

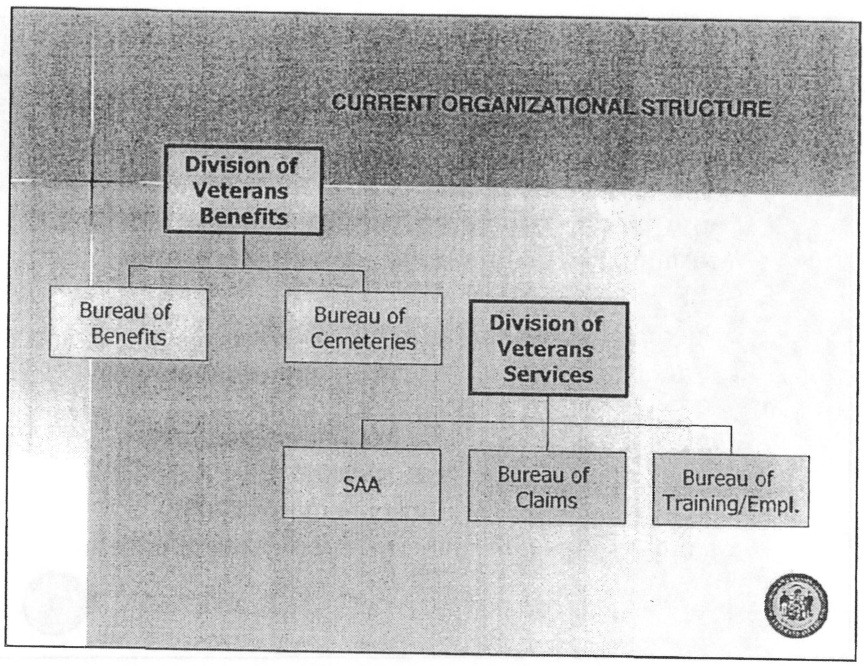
CURRENT OUTREACH MODEL

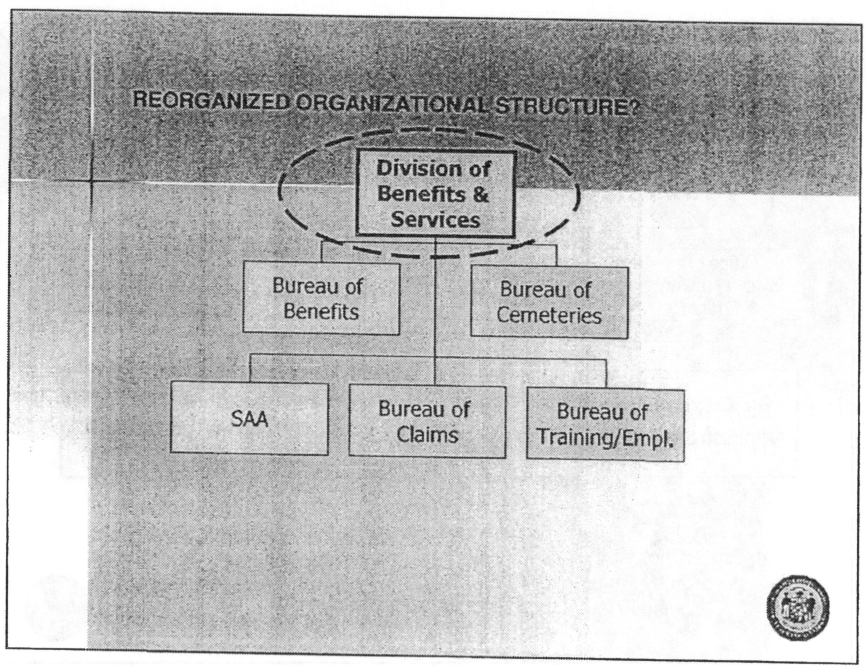
Outreach staff are generalists. Specialty areas are not assigned to specific staff.




REORGANIZED OUTREACH MODEL
Each member of the Outreach team will be assigned a specialty area.
Women Veterans
Veterans Courts
Education
PTSD
Homeless Veterans
Suicide
Re-integration
Tribal Outreach
Prop. Tax Credit


Streamline Operations
Division of Veterans Benefits, Division of Veterans Services
Review Division structure and programming
Investigate possible consolidation of programs offered through Division of Veterans Benefits and Division of Veterans Services


CURRENT ORGANIZATIONAL STRUCTURE
Division of Veterans Benefits
Bureau of Benefits
Bureau of Cemeteries
Division of Veterans Services
SAA
Bureau of Claims
Bureau of Training/Empl.

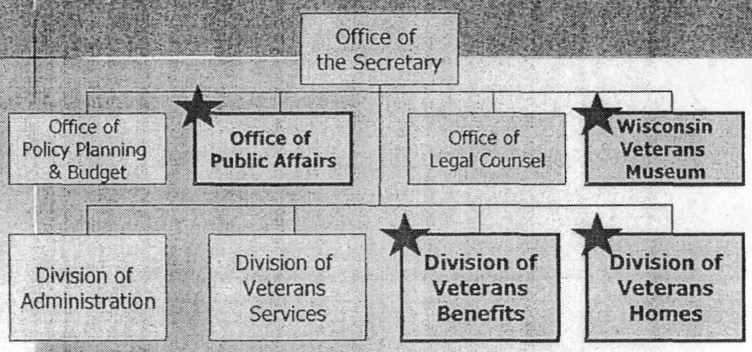

REORGANIZED ORGANIZATIONAL STRUCTURE?
Division of Benefits & Services
Bureau of Benefits
Bureau of Cemeteries
SAA
Bureau of Claims
Bureau of Training/Empl.

Strategic Plan: Communications

"Appropriately and effectively exchange information with the public, stakeholders, and Staff"

- Increase public knowledge of WDVA
- Educate the public about the veterans community and the needs of veterans
- Increase outreach to the veterans community regarding programs and services
- Improve WDVA's internal communications
- Improve communication with WDVA stakeholders

Department of Veterans Affairs



With the Strategic Plan objectives in mind, let's take a closer look at proposed changes to the Division of Veterans Homes, Division of Veterans Benefits, Wisconsin Veterans Museum and Office of Public Affairs.

Key Transformations

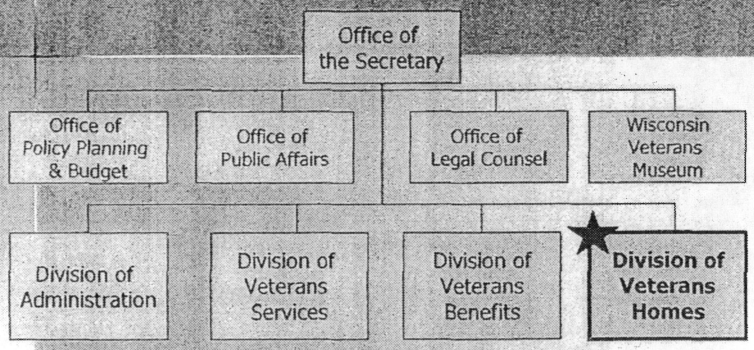
- Strengthen communication throughout organization, including:
  - Division of Veterans Homes
  - Division of Veterans Benefits
  - Wisconsin Veterans Museum
  - Office of Public Affairs

Strategic Plan: Resource management

"Evaluate, develop and deploy appropriate resources and ensure their optimal use"

- Evaluate programs and services
- Create a comprehensive revenue development plan
- Perform a comprehensive budget analysis

Department of Veterans Affairs

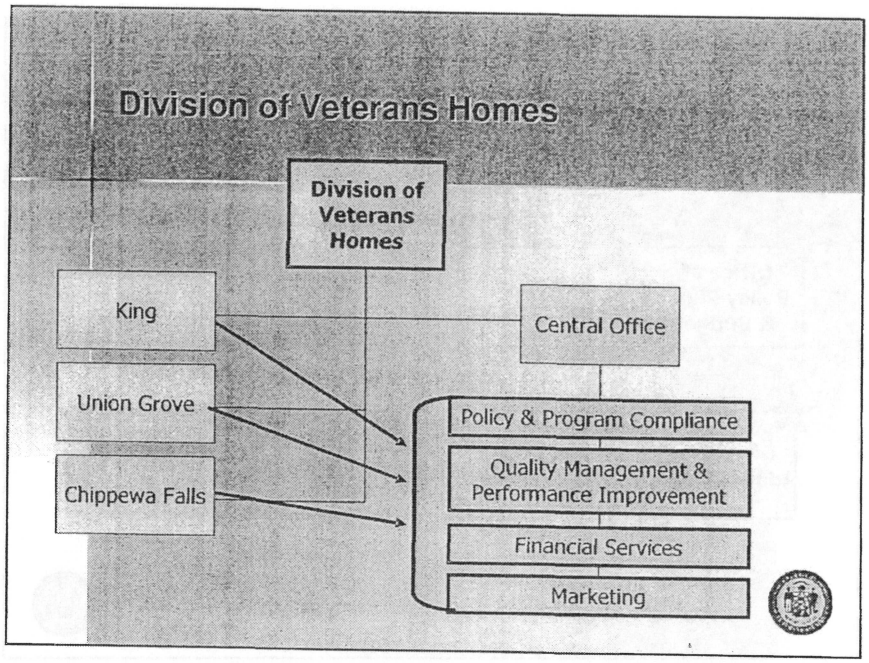


With the Strategic Plan objectives in mind, let's take a closer look at proposed changes to the Division of Veterans Homes.

Key Transformations

Division of Veterans Homes

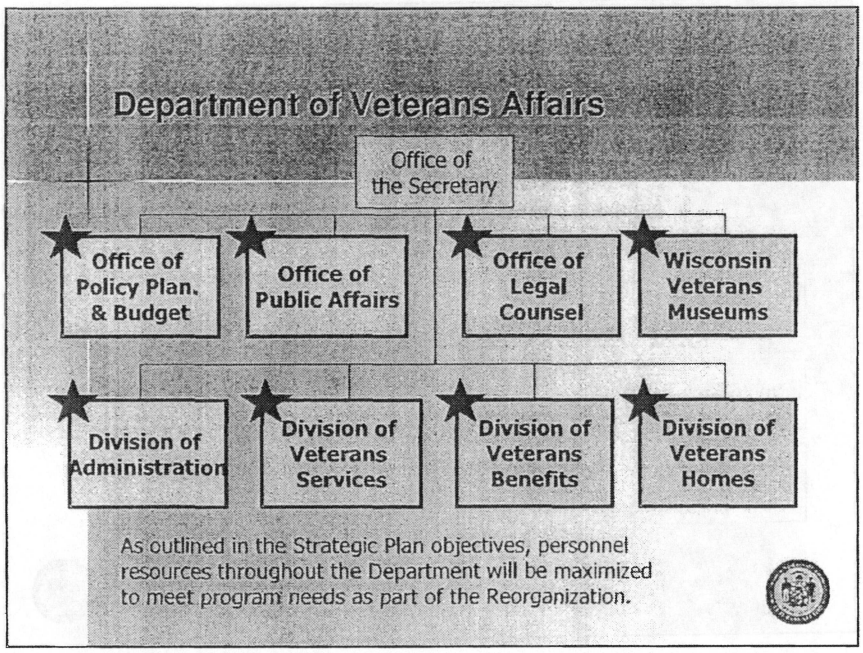
- Enact structural changes for operational effectiveness
- Identify operational efficiencies
  - Consolidate internal functions
  - Eliminate duplication of functions



Strategic Plan: Personnel

"Maximize the recruitment and retention of a productive workforce"

- Allocate personnel resources to meet program area needs
- Recruit and retain quality personnel
- Develop staff



Key Transformations

Entire Department of Veterans Affairs

- Maximize skills and expertise of current workforce
- Identify gaps in skills and expertise
- Reallocate existing personnel to areas and assignments that most need manpower
- Hire, if necessary

Implementation Timeline

Factors that impact timing

- WDVA is a large and complex state agency
- Some changes subject to approval by Wisconsin Board of Veterans Affairs, Governor, and Legislature
- Actions of other state entities affect WDVA operations
  - Proposed HR Consolidation, potential hiring freeze
- Statutes and rules govern certain aspects of organizational structure

Factors that impact timing

- Employees are civil servants with many represented by 12 different bargaining units
- Maximizing skills and expertise of current workforce and utilizing existing positions (some of them vacancies) to make these changes slows down the process
- Expenses associated with reorganization must be managed
  - Transitions to compatible software, changing use of office space, etc.

IMMEDIATE	INTERIM	WITHIN 1 YEAR
Completed within 3-4 months	Completed over next 6-9 months	Requires intensive restructuring
Assign geographical duties and new Outreach responsibilities Reallocate and repurpose personnel (identify immediate changes via vacancies) Identify additional staff for Outreach and communication	Streamline Division of Benefits and Division of Services Consolidate Homes functions and financial operations Reallocation of personnel continues	Major consolidation of Divisions and other structural changes Re-evaluate infrastructure needs and address changes resulting from Reorganization

Today's Presentation

- A big picture view of major program and resource shifts, organizational changes
- Time plays a role in accomplishing this transformation for the future
- Questions?

ATTACHMENT 6

Wisconsin Department of Veterans Affairs

Proposed Chippewa Falls Veterans Home
5-Year Business Plan for Skilled Nursing Care

"A Formula for Success"

Prepared by
The Office of Policy, Planning and Budget
August 2009

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EXECUTIVE SUMMARY

2003 Wisconsin Act 102 authorized the department to develop, construct or renovate, and operate residential, treatment, and nursing facilities and programs for veterans on Northern Wisconsin Center property, which is in Chippewa Falls, Wisconsin. A total of $24.5 million was enumerated in the 2005-07 State of Wisconsin Biennial Capital Budget (2005 Wis. Act 25) for the purpose of designing and constructing the Chippewa Falls Veterans Home.

Federal funding for the project was requested under the U.S. Department of Veterans Affairs (VA) State Home Construction Grant Program in August 2005. There is an excellent chance that federal funding for this project could be available as early as October 2009. If that were to happen, then the project would have to be designed and bid by March 2011 or the department would lose the federal funding.

Because of the relatively short timeline for completing the design, bidding and contracting for the Chippewa Falls Home, the department initiated a "right-sizing" planning process for the Chippewa Falls Veterans Home on September 26, 2008.

The ultimate goal of the "right-sizing" process was to develop a 5-year business plan for the proposed Chippewa Falls Home that includes the following:

- A description of the design concept.
- The estimated demand.
- Financial projections, including start-up costs, for the first 5 years of operations.

The primary objective for doing 5-year financial projections was to determine whether the cash flows would be sufficient to recover start-up costs and produce a positive cash flow by year five. It is important to make that determination in order to assess whether or not to proceed with the next phase of planning the Chippewa Falls Veterans Home, which is selecting an Architectural/Engineering (A/E) firm to design the facility.

Design Concept

The A/E firm of Sean Bujold & Associates, Inc. was selected to develop the program statement for the proposed Chippewa Falls Veterans Home. The program statement is a technical document that includes all of the space requirements and square footage for all of the rooms and common areas in the facility. It serves as an "outline" for the A/E firm that is selected to design the facility.

As specified in the program statement, the Chippewa Falls Veterans Home would be a newly constructed 72-bed skilled nursing facility based on the neighborhood concept. The facility would have two neighborhoods with each having two 18-bed households. The facility would be designed as a 78,000 sq. ft. single story structure with a partial basement.. Once it is fully operational, over 90 full-time equivalent (FTE) staff would be employed at the facility.

The neighborhood concept creates a more home like, as opposed to institutional, atmosphere. This is accomplished by having smaller households within the neighborhoods, which makes it easier for members to develop a social network, participate in activities and navigate to destinations within the household.

Each member would have a single room that is 305 square feet in size, including a bathroom with a shower. Having a shower in each room provides members with greater privacy and convenience than would be afforded by using the common shower area in each household. There would also be a common spa area for members in each household that would include an oversized shower and bathing tub.

The Chippewa Falls Home would have a conventional, as opposed to cook chill, food preparation system. There would be a "home-like" dining room in each neighborhood with a common food prep/serving area that would be designed so that it could provide food service to the two households. One of the advantages of this design concept for the serving area is that breakfast would be on provided a "made-to-order" basis. The lunch and supper meals would be served family style.

A centralized member center would have an interior park for the members to relax and enjoy a tranquil atmosphere while not having to go outdoors. It would also have a main street ambiance with a chapel, beauty/barbershop, theatre, café/coffee shop, recreation/activities room, computer/library room, therapy area and medical exam room. This gives members a sense of being at home in their "own" community. The member center would be centrally located to allow members quick and easy access from their households.

Other features of the facility would include exterior courtyards for "weather permitting" use and a two stall bus/van area that would allow members the ability to load and unload in a safe and secure area.

The Neighborhood Concept not only provides members with a "homelike" environment but it also promotes ease and efficiency in providing care to the members.

Demand Analysis

Using regression analysis, two demand models were developed using the veteran population at the King Veterans Home. The first regression model estimated the demand for veterans 65 to 84 years of age based on distance. The second regression model estimated the demand for veterans 85+ years of age based on income. Both models had an R^2 of about .84, meaning that each function explains 84% of the variation in the usage rates of King Home veterans within each age category who are from the King Home primary market area. These models were then used to estimate the demand for the proposed Chippewa Falls Veterans Home for veterans 65+ who live within its primary market area. Those numbers were then adjusted to account for the following other member groups that reside at the King and Union Grove Homes to obtain an estimate of the total demand for the Chippewa Falls Home.

- Veteran over 65 from outside the primary market area.
- Veterans from a VA Medical Center (VAMC)
- Veterans under 65.
- Spouses and Dependents.

The total demand for the Chippewa Falls Veterans Home is projected to be 197 in 2013 and 140 in 2030. These estimates are based on the assumption that the usage rate for skilled nursing care will remain constant over the period from 2013 to 2030.

Between 1992 and 2007, SNF usage rates per 1,000 males 65+ have declined from 42.81 to 26.13, which is a 39% decrease. To provide estimates of future changes in SNF usage rates for males 65+, nursing home usage rates for males 65+ were trended using a power function for the period 1992 through 2007. The R^2 for the estimated power function was .97, which means that 97% of the variation in usage rates in explained by the function. The power function was then used to estimate usage rates from 2008 through 2030. Based on the estimates derived from the power function, the SNF usage rate for males 65+ is projected to decline from 26.13 in 2007 to 13.04 in 2030. The estimated SNF usage rates for 2013 through 2030 were then used to adjust the total demand projections for the Chippewa Falls Veterans Home. The adjusted demand estimates decline from 172 in 2013 and 69 in 2030.

Because of the projected decline in both the usage rate for males 65+ and the 65+ veteran population, as well as a 30+ year functional/useful life for a new skilled nursing facility, the "right-sizing" process for the Chippewa Falls Veterans Home should be based on the long-term adjusted SNF demand estimates. Under that assumption, the optimal range for doing the "right-sizing" analysis is 60 to 80 SNF beds.

Financial Projections

Financial projections for the proposed Chippewa Falls Veterans Home were developed assuming construction of a seventy-two bed skilled nursing facility designed in the neighborhood concept. Five-year financial projections for the proposed operation were prepared for the purpose of determining whether the facility could be operated profitably.

A post-shift staffing model was developed together with other key assumptions regarding capital and operating costs, census and payer mix. Those projections show that the Chippewa Falls Veterans Home begins generating positive operating income in Year 2, with a projected amount of $252,484, and a projected net income of $10,006 in Year 4. Further, the Chippewa Falls Home begins generating positive cash flow in Year 2, with projected net cash flow of $304,625. By Year 5 the Chippewa Falls Home has a projected ending cash balance of $324,614, which means that on a cumulative basis, the cash inflows would exceed the cash outflows by $324,614 since the date it opened for business.

THE RIGHT-SIZING PROCESS

Introduction

2003 Wisconsin Act 102 authorized the department to develop, construct or renovate, and operate residential, treatment, and nursing facilities and programs for veterans on the Northern Wisconsin Center property, which is in Chippewa Falls, Wisconsin. A total of $24.5 million was enumerated in the 2005-07 State of Wisconsin Biennial Capital Budget (2005 Wis. Act 25) for the purpose of designing and constructing the Chippewa Falls Veterans Home.

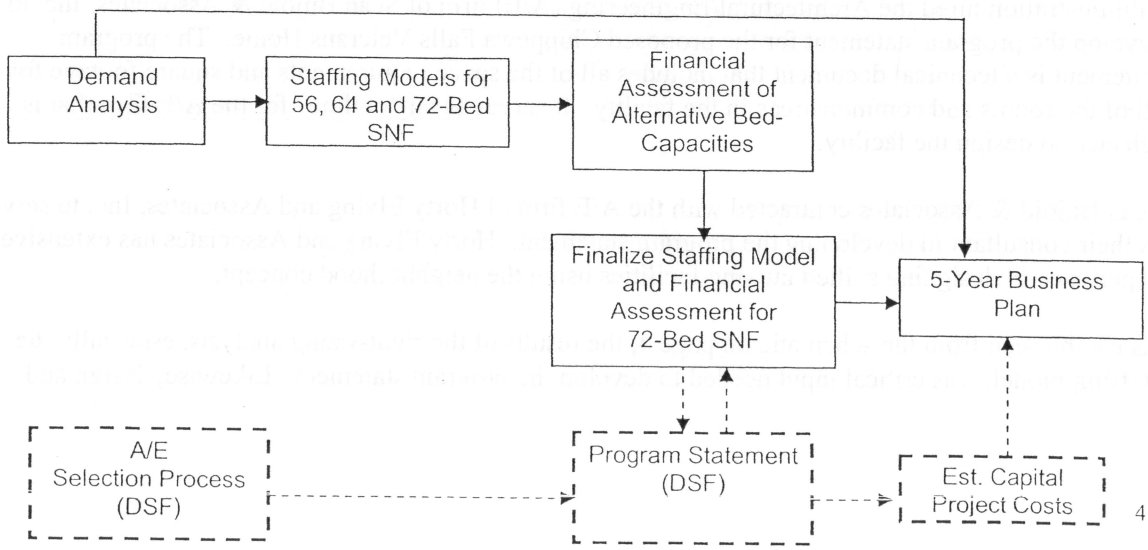
Federal funding for the project was requested under the U.S. Department of Veterans Affairs (VA) State Home Construction Grant Program in August 2005. That project is now on the federal VA's priority list as a $24.5 million project with a 65%/35% split ($15.925 million FED and $8.575 million state Program Revenue Supported Borrowing). There is an excellent chance that federal funding for this project could be available as early as October 2009. If that were to happen, then the project would have to be designed and bid by March 2011 or the department would lose the federal funding. Because of the relatively short timeline for completing the design, bidding and contracting for the Chippewa Falls Veterans Home, the department initiated a planning process to "right-size" the Chippewa Falls Home on September 26, 2008.

The ultimate goal of the "right-sizing" process was to develop a 5-year business plan for the proposed Chippewa Falls Home that includes the following:

- A description of the design concept.
- The estimated demand.
- Financial projections, including start-up costs, for the first 5 years of operations.

The primary objective for doing 5-year financial projections is to determine whether the cash flows would be sufficient to recover start-up costs and produce a positive income by year five. In order to do the business plan it was necessary to develop a staffing model (see Appendix D), an organizational chart and a staffing plan (both are in Appendix C) for the start-up phase of operations. Below is a schematic of the "right-sizing" planning process that culminated in the development of the 5-year business plan.

The Chippewa Falls Home "Right-Sizing" Process



The schematic on the previous page shows that there are two separate planning processes that have been integrated into a "right-sizing" process. The process on the top half of the schematic represents the planning process initiated and controlled by the department and the bottom half, as designated by the dashed boxes, is the capital project planning process that is controlled by the Division of State Facilities (DSF) in the Department of Administration.

The Right Sizing Phase

As shown in the schematic on page 4, the "right-sizing" process began with the department's Office of Policy, Planning and Budget doing a demand analysis for the proposed Chippewa Falls Veterans Home. Based on the results of that analysis, the skilled nursing facility at the Chippewa Falls Home should be sized somewhere between 60 and 80 beds. Based on a design model that uses the neighborhood concept (where two or more households of between 12 to 18 beds each form a neighborhood) and staffing ratios of 7, 8 and 9 certified nursing assistants (CNA) per household, bed capacities of 56, 64 and 72 beds were used to do a financial assessment for each alternative. For example, a 56 bed skilled nursing facility would have 2 neighborhoods with each having two 14-bed households. A 64-bed facility would have 2 neighborhoods with two 16-bed households each and a 72-bed facility would have two neighborhoods with two 18-bed households.

Under the U.S. Department of Veterans Administration's (USDVA) state veterans home construction grant program, the maximum of beds per household is 17 and the maximum number of households per neighborhood is 3, for a maximum of 51 beds per neighborhood. Although the 18 beds per household for a 72-bed skilled nursing facility exceeds the USDVA's maximum of 17 beds per household, there should be no problem in obtaining a waiver to exceed the household maximum by one bed per household.

The results of the financial analysis for the three alternative bed sizes showed that: (1) costs would exceed revenues for a 56-bed facility; (2) a 64-bed facility would be at about break-even, and (3) revenues would exceed costs for a 72-bed facility. Based on the results of the financial analysis it was decided to proceed with developing a program statement for a 72-bed skilled nursing facility.

The Program Statement Phase

At the department's request, the Division of State Facilities (DSF) in the Department of Administration hired the Architectural/Engineering (A/E) firm of Sean Bujold & Associates, Inc. to develop the program statement for the proposed Chippewa Falls Veterans Home. The program statement is a technical document that includes all of the space requirements and square footage for all of the rooms and common areas in the facility. It serves as an "outline" for the A/E firm that is selected to design the facility.

Sean Bujold & Associates contracted with the A/E firm of Horty Elving and Associates, Inc. to serve as their consultant in developing the program statement. Horty Elving and Associates has extensive experience in designing skilled nursing facilities using the neighborhood concept.

As can be seen from the schematic on page 4, the results of the right-sizing analysis, especially the staffing model, was critical input needed to develop the program statement. Likewise, design and

space recommendations provided by the Sean Bujold & Associates altered both the staffing model and the financial projections and vice versa.

As specified in the program statement, the skilled nursing facility at the Chippewa Falls Veterans Home would be a 72- bed newly constructed facility based on the neighborhood concept. As previously indicated, a 72-bed facility would have two neighborhoods with each having two households with 18-beds each. The facility would be designed as a 78,000 sq. ft. single story structure with a partial basement.. Once it is fully operational, over 90 full-time equivalent (FTE) staff would be employed at the facility.

The neighborhood concept creates a more home like, as opposed to institutional, atmosphere for members. This is accomplished by having smaller households within the neighborhoods, which makes it easier for members to develop a social network, participate in activities and navigate to destinations within the household. (See Appendix A for photographs of examples of the neighborhood concept.)

Each member would have a single room with 305 square feet, including a bathroom with a shower. This room size provides sufficient space for members to have some of their own furniture and personal effects in their rooms, which creates a more home-like atmosphere. It also makes it easier, and safer, for staff to use lifts and wheel chairs for moving members.

Having a shower in each room provides members with greater privacy and convenience than would be afforded by using the common shower area in each household. It also reduces the amount of staff time required to transport members to and from a common shower area. There would be a common spa area for members in each household that would include an oversized shower and bathing tub.

Each neighborhood would have a private family dining room that would allow families to visit and dine/party with their loved ones. There would also be a "living room" with a fireplace in each household where members could sit and relax, read and/or socialize with other members.

There would be a "home-like" dining room in each household and each neighborhood would have a common food prep/serving area that would be designed so that it could provide food service to each of the two households. One of the advantages of this serving area design is that breakfast would be served on a "made-to-order" basis. The lunch and supper meals would be served family style.

The Chippewa Falls Home would have a conventional, as opposed to cook chill, food preparation system. It would be located in the basement of the building and a lift system would be used to move food directly up to the common food prep/serving area. This would eliminate the need to move noisy food carts down the corridors and hallways of the households.

A centralized member center would have an interior park for members to relax and enjoy a tranquil atmosphere without having to go outdoors. It would also have a main street ambiance with a chapel, beauty/barbershop, theatre, café/coffee shop, recreation/activities room, computer/library room, therapy area and medical exam room. This gives members a sense of being at home in their "own" community. The member center would be centrally located in order to provide members with quick and easy access from their households.

Other features of the facility include exterior courtyards for "weather permitting" use and a two stall bus/van area that would allow members the ability to load and unload in a safe and secure area.

The neighborhood concept not only provides members with a "homelike" environment but it also promotes ease and efficiency in providing care to the members.

Site Selection Phase

Under s. 45.50(2)(b) Wis. Stats., the department has authority to construct a new veterans home in Chippewa Falls on the property of the Northern Wisconsin Center for the Developmentally Disabled (NWC) in Chippewa Falls. Three potential sites on property owned by NWC were identified and DSF contracted with SBA, Inc. to evaluate the feasibility of locating the proposed Chippewa Falls Veterans Home on each site. The evaluation was based on an analysis of existing utilities, existing buildings, space needs, expansion needs, terrain and topography, vehicle and pedestrian circulation and accessibility.

SBA, Inc. has completed their evaluation and has recommended that the Chippewa Falls Home be built on an undeveloped 40 acre parcel that is south of the existing campus across County Hwy J. The site provides good visibility from both County Hwy J and Seymour Cray Sr. Blvd., which is a four-lane road that runs adjacent on the west side of the site. The site is large enough to accommodate any future expansions. The topography is a relatively flat prairie area with tree lined borders to the south and west. The campus of the Chippewa Falls Veterans Home would not be connected to any of the infrastructure of the NWC campus. Not only would this mean that the Home would have its own entrance, and subsequently its own identity, but it would not have to contribute toward the cost of maintaining an aging infrastructure on the existing NWC campus.

Current development plans for that site include a drainage pond and walking paths that would provide members and visitors with a sense of being "one with nature."

DEMAND ANALYSIS

The purpose for doing a demand analysis is to establish a range of bed capacities that can be used to complete a "right-sizing" analysis for the proposed Chippewa Falls Veterans Home. One of the primary factors in doing a demand analysis is to define the relevant primary market for the Chippewa Falls Home.

Veterans Home Primary Market Area

U.S. Department of Veterans Affairs (VA) uses a 75-mile radius to define the market area for a state veterans home. Map 1 below shows the 75-mile radius that defines what will be referred to as the "primary market area" for the King and Union Grove Veterans Homes, as well as the proposed new state veteran's home at Chippewa Falls. The counties highlighted in blue are those in the Chippewa Falls Home primary market area, while the counties colored red are in the King Home primary market and those in yellow represent the Union Gove Home primary market. The counties designated in white are those located outside any of the veteran home primary market areas.

Map 1

Wisconsin Veterans Homes SNF Primary Market Areas

Supply of SNF Beds in the Chippewa Falls Home Primary Market Area

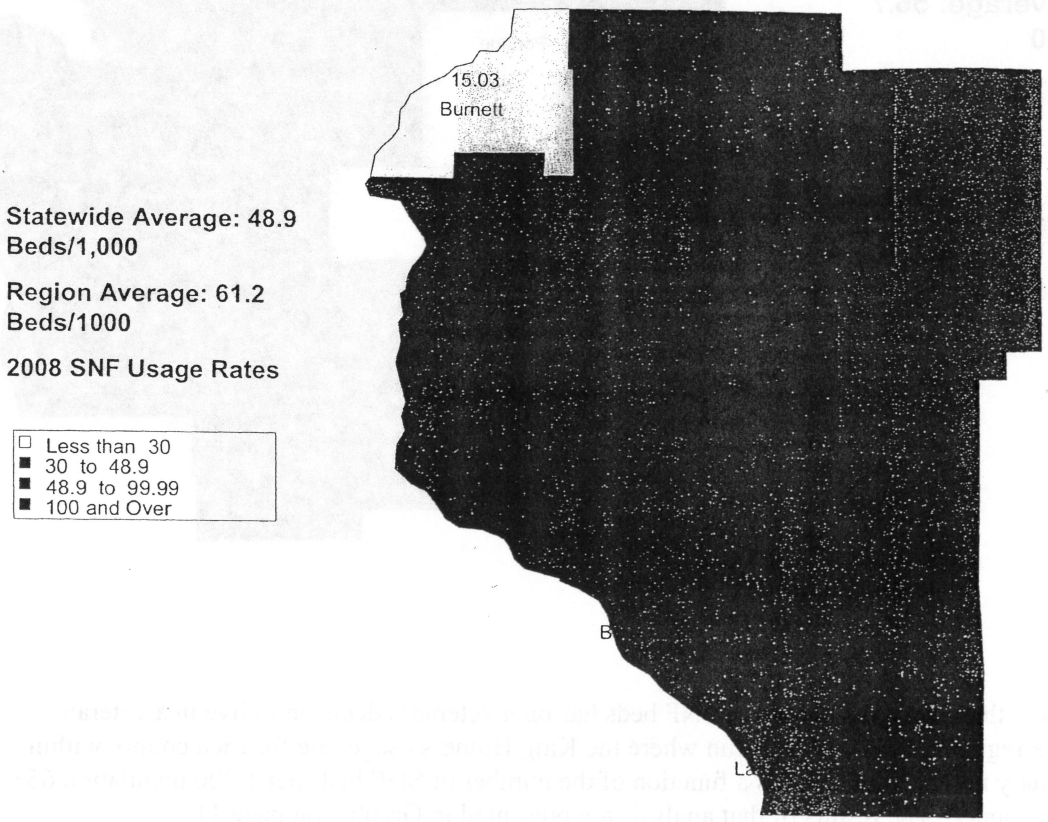
The reason for analyzing the supply of SNF beds in the primary market for the Chippewa Falls Home is to assess what impact, if any, it has on a veteran's decision to live at a veterans home.

Map 2 below, shows the number of skilled nursing beds per 1,000 population over 65 for counties in the Chippewa Falls Home's primary market. The counties colored red have capacity ratios below the state average while those that are yellow are substantially below the state average. Conversely, those counties colored green are above the state average of 48.9 beds per 1,000 population over 65, while those in blue are substantially above the state average. As shown in the map, Chippewa, Rusk, Sawyer, Washburn and Monroe are all below the state average and Burnett County, which is colored yellow, is substantially below the state average. Only Pierce and Trempealeau Counties are substantially above the state average. Note that Eau Claire County is slightly above the state average. The average number of beds per 1,000 population over 65 for the area is 61.2.

This data provides little insight as to the influence supply of beds in a veterans county would have on his/her decision to live at the proposed Chippewa Falls Veterans Home.

Map 2

Per Capita SNF Beds in the Chippewa Falls Home Primary Market



One approach that would provide insights as to how the supply of SNF beds affects a veteran's decision to live at a Veterans Home would be to analyze how the supply of SNF beds by county in the King Home primary market affects King Home usage rates. Map 3 below shows the number of skilled nursing beds per 1,000 population over 65 counties in the King Home's primary market. Much like the Chippewa Falls Home's primary market, there is an array of counties that range from significantly below the state average to significantly above the state average. Similarly, the average number of beds per 1,000 over 65 for the King Home primary market area is also above the state average (56.2 vs. the state average of 48.9).

Map 3

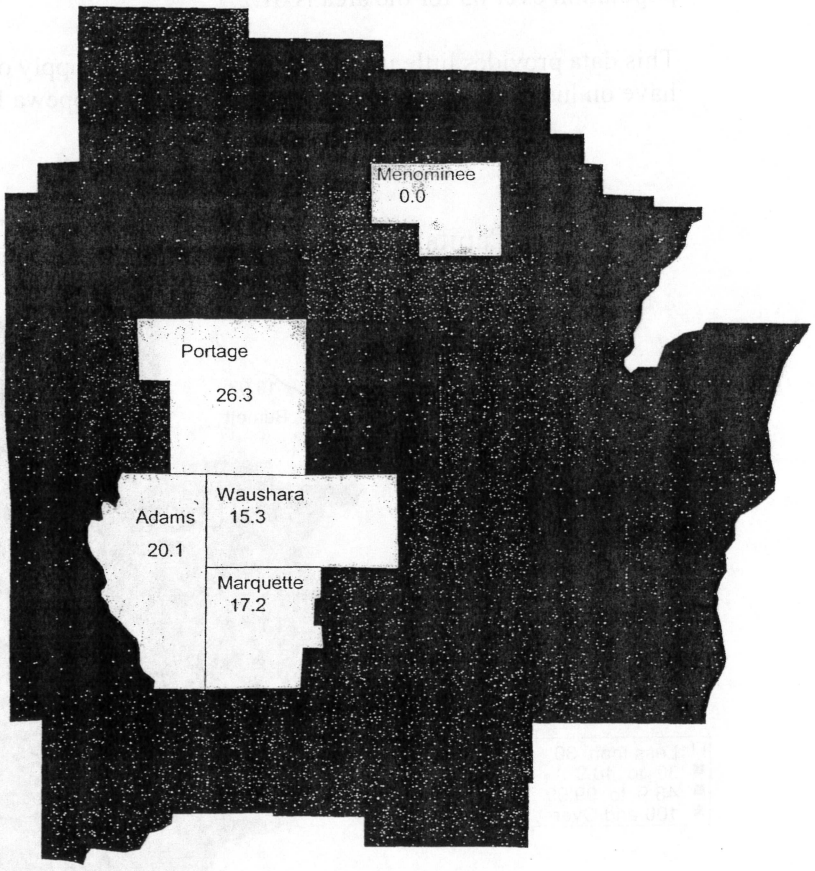
Per Capita SNF Beds in the King Home Primary Market

Statewide Average: 48.9 Beds/1,000

Region Average: 56.7 Beds/1000

2008 SNF Usage Rates

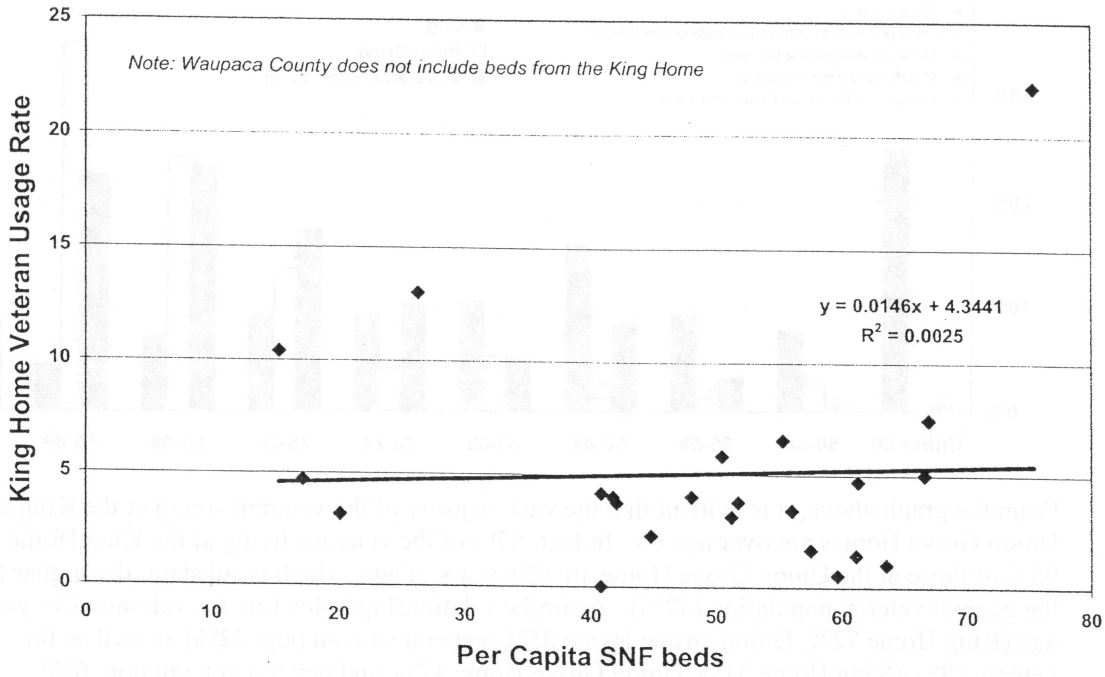
- Less than 30
- 30 to 48.9
- 48.9 to 99.99
- 100 and Over



To assess the impact the supply of SNF beds has on a veteran's decision to live in a veterans home, a regression analysis was run where the King Home's usage rate for each county within its primary market is defined as a function of the number of SNF beds per 1,000 population 65+ in each county. The results of that analysis are presented in Graph 1 on page 11.

Graph 1

King Home Veteran Usage Rate
as a Function of Per Capita SNF Beds



Based on the regression function, as shown by the blue line in Graph 1 above, the R^2 is only .0025, which means that less than 1% of the variation of the King Home usage rate by county in its primary market area is explained by the number of SNF bed per 1,000 65+ population in each county. The following inferences that can be drawn from the results of this regression analysis:

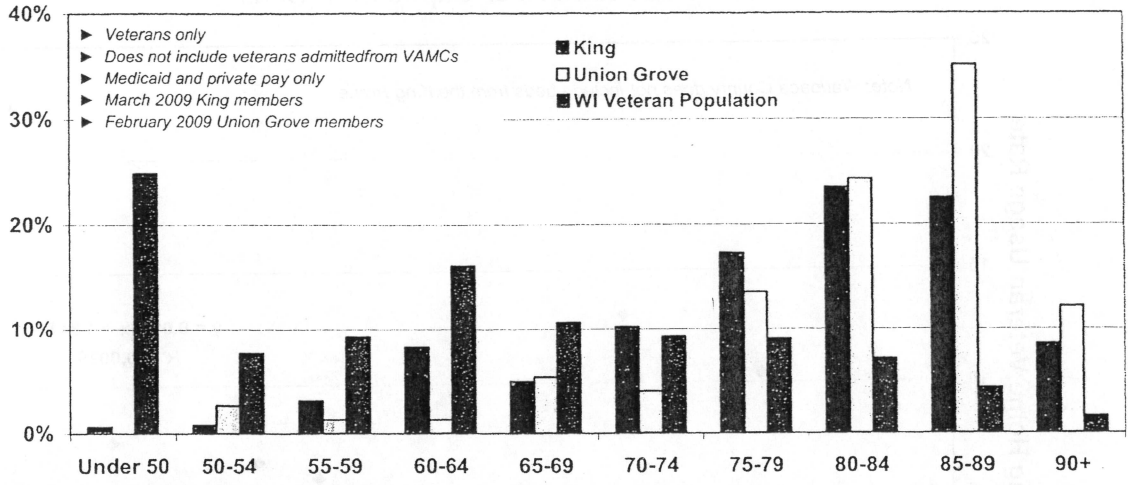
- A veteran's decision to live at the King Veterans Home is independent of the over or under supply of SNF beds within his/her county of residence at the time of admission.
- The same would be true for the Chippewa Falls Home.

Demographics of Veteran Members at Wisconsin's Veterans Homes

The next step in the demand analysis is to examine the demographics of veteran members at the King and Union Grove Veterans Homes in terms of age, income and marital status. This information provides useful insights as to the types of veterans who receive SNF care at the King and Union Grove Homes. Graph 2 on page 12 shows the age distribution of veterans at the King Home and the Union Grove Home as compared to the general veteran population. For the demographic graphs, the red bars are for the King Home, the yellow bars the Union Grove Home and the green represent the general veteran population.

Graph 2

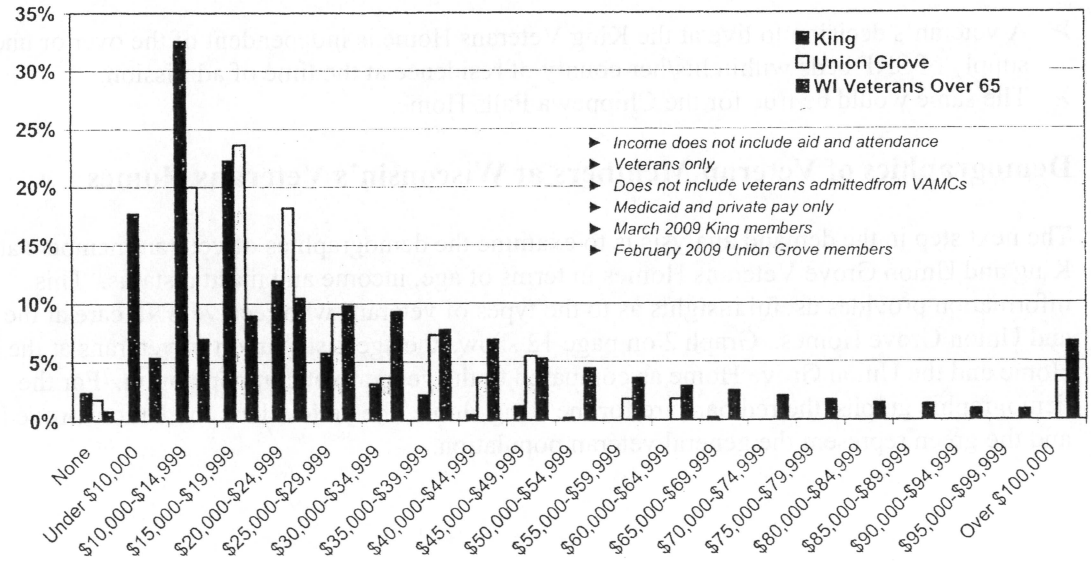
Current Veterans Home Members by Age



From the graph above, it is evident that the vast majority of the veterans living at the King and Union Grove Homes are over age 65. In fact, 87% of the veterans living at the King Home and 95% of those at the Union Grove Home are 65+ years of age, which is substantially higher than the general veteran population (42%). A similar relationship holds true for veterans 75+ years of age (King Home 72%, Union Grove Home 85%, general veteran pop. 22%) as well as for veterans 85+ (King Home 31%, Union Grove Home 47%, and general veteran pop. 6%).

Graph 3

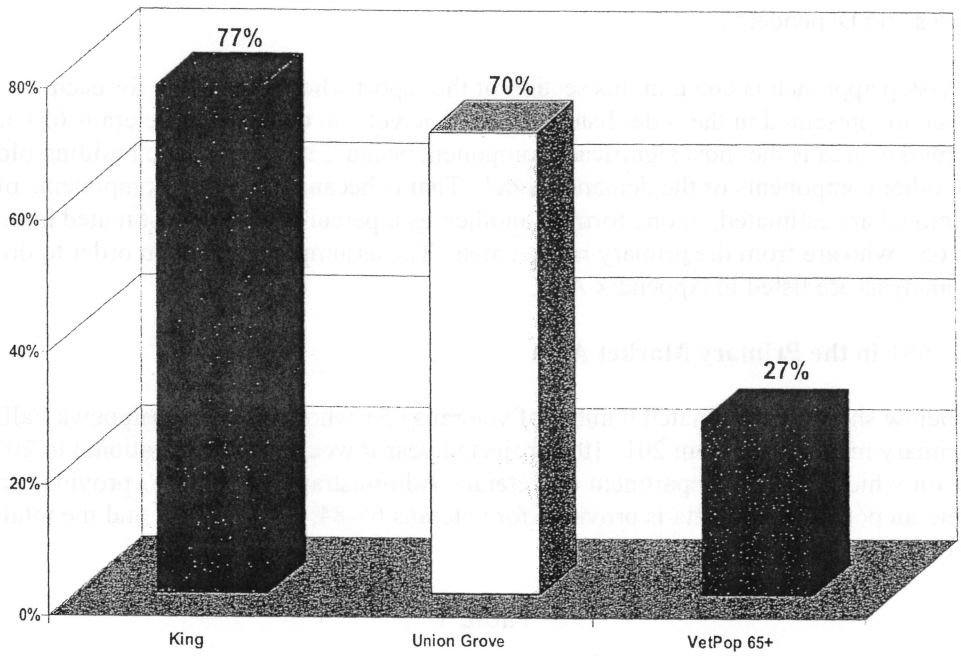
Wisconsin Veterans Home Members Age 65+ by Income



From the data shown in Graph 3 on page 12, a much higher percentage of veterans 65+ at both Homes have incomes of less than $40,000 as compared to the general veteran population over 65 (King Home 98%, Union Grove Home 84%, and general veteran pop. 59%). It is also evident that a much lower percentage of veterans at the Union Grove Home (64%) have incomes of less than $25,000 than at the King Home (87%).

Graph 4

Percent of Single Veterans at the Veterans Homes



Graph 4 above shows the percentage of veteran members at the King and Union Grove Homes that are single as compared to the general veteran population. As can be seen, the veteran members 65+ at both Homes are predominately single (King Home 77% and Union Grove Home 70%), as compared to only 27% for the general veteran population.

The demographics for the King and Union Grove Veterans Homes can be summarized as follows:

- Age:
  - Predominately over age 65.
  - Larger proportion of veterans 85+ at UG Home higher than at the King Home.
- Income:
  - Most veterans have incomes less than $40,000.
  - Greater proportions of veterans with incomes under $25,000 at King Home than at the UG Home.
- Marital Status:
  - Primarily single veterans.

Demand Analysis for the Proposed Chippewa Falls Veterans Home

As previously indicated, the purpose for doing the demand analysis is to establish a range of SNF beds that can be used to "right-size" the proposed Chippewa Falls Veterans Home. The model used to estimate the demand for the Chippewa Falls Veterans Home has the following five components:

- Veterans 65+ in the primary market area.
- Veteran 65+ from outside the primary market area.
- Veterans from a U.S. Department of Veterans Administration Medical Center (VAMC)
- Veterans under 65.
- Spouses and Dependents.

A step-by-step approach is taken in this section of the report where the results for each component are presented in the order listed above. The veteran demand for veterans 65+ in the primary market area is the most significant component because it serves as the building block for all of the other components of the demand model. That is because the other components of the demand model are estimated, in one form or another, as a percentage of the estimated number of veterans 65+ who are from the primary market area. The assumptions made in order to do the demand analysis are listed in Appendix A.

Veterans 65+ in the Primary Market Area

Table 1 below shows the estimated number of veterans 65+ who live in the Chippewa Falls Home primary market area from 2013 [the projected year it would begin operations] to 2030 [the last year for which the U.S. Department of Veterans Administration (USDVA) provide estimates of the veteran population]. Data is provided for veterans 65-84, veterans 85+ and the total number of veterans 65+.

Table 1

Estimated Number of Veterans 65+ in the Chippewa Falls Home Primary Market Area

Veterans	2013	2015	2020	2025	2030
65 to 84	**23,811**	**23,970**	**20,919**	**18,389**	**15,944**
85+	3,773	3,693	3,370	2,945	3,041
Total (65+)	**27,583**	**27,483**	**24,289**	**21,334**	**18,985**

While the veteran population in 85+ age range remains fairly stable between 2013 and 2030, there is a 33% decline (23,811 in 2013 to 15,944 in 2030) in the veteran population aged 65 to 84 over that same period of time. The total number of veterans 65+ decreases from 27,583 in 2013 to 18,985 in 2030, which is a 31% reduction. This represents the total number of veterans 65+ in the Chippewa Falls Home primary market area who could potentially be a member of the Chippewa Falls Home .

To estimate the demand for veterans 65+ in the primary market area, two regression models were estimated based on the veteran members at the King Home. The first model defines usage rates

for veterans 65 to 84 who are from counties in the King Home primary market area as a function of distance.

For the veterans 85+, distance was not a good predictor of usage rates as measured by the coefficient of determination, or commonly referred to as the R^2. As a result, a regression model was estimated using income to predict usage rates for veterans 85+ at the King Home who are from the counties within the King Home primary market area.

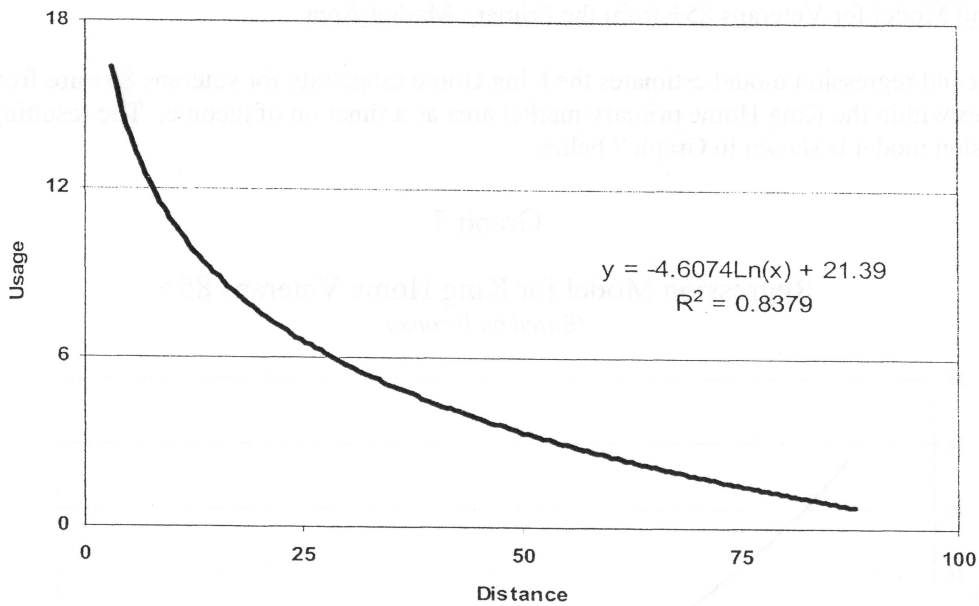
Demand Model for Veterans 65 to 84 from the Primary Market Area

King Home veterans 65 to 84 from the King Home primary market area were used to estimate a regression model where usage rate for each county in the King Home primary market is defined to be a function of distance form the King Home. The resulting regression model is shown in Graph 5 below. As expected, the usage rate declines as distance from the King Home increases. The R^2 for this regression model is .84, which means it explains 84% of the variation in the King Home's usage rates.

Graph 5

Regression Model for King Home Veterans 65 to 84

(Based on Distance)

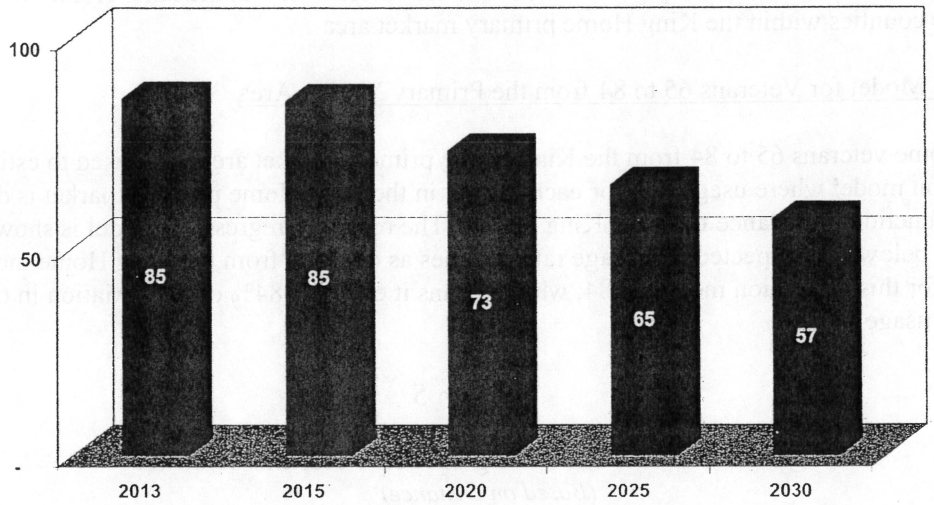


The above regression model was then used to estimate demand for veterans 65 to 84 in the Chippewa Falls Home primary market area. The results of that analysis are presented in Graph 6 on page 16, which show the estimated demand to be 85 in 2013 and 57 in 2030.

Graph 6

Projected Demand for the Chippewa Falls Veterans Home

Includes: Veterans 65 - 84 from the Primary Market Area



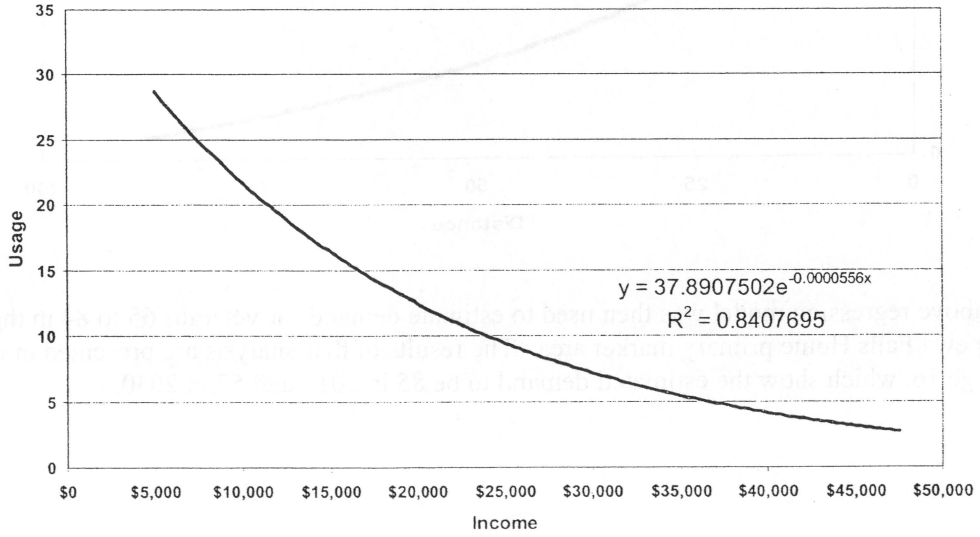
Demand Model for Veterans 85+ from the Primary Market Area

The second regression model estimates the King Home usage rate for veterans 85+ are from counties within the King Home primary market area as a function of income. The resulting regression model is shown in Graph 7 below.

Graph 7

Regression Model for King Home Veterans 85+

(Based on Income)

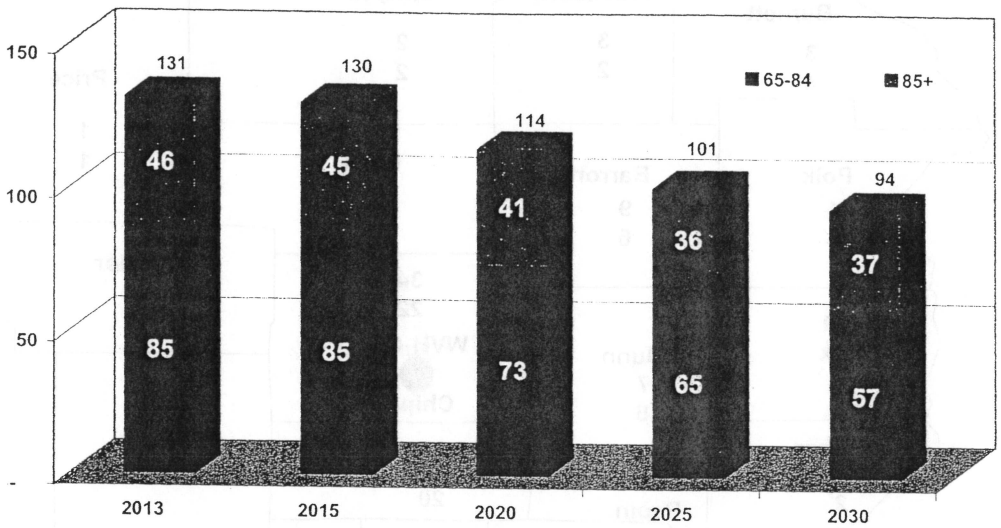


The R^2 for the regression model in Graph 7 is .84—which means the model explains 84% of the variation in the King Home's usage rates. As predicted by the regression function, the King Home usage rate decreases as the income of veterans 85+ increases.

Graph 8

Projected Demand for the Chippewa Falls Veterans Home

Includes: Veterans 65 - 84 from the Primary Market Area
Veterans 85+ from the Primary Market Area

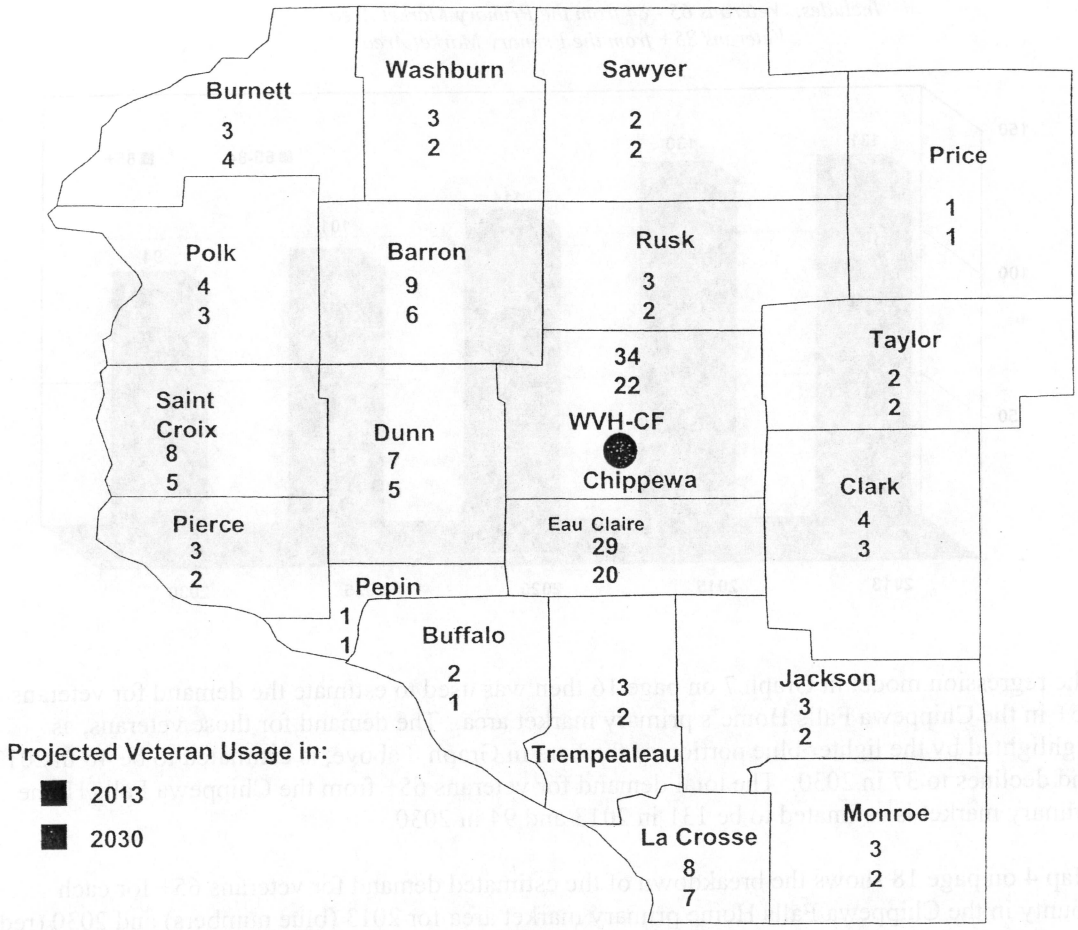


The regression model in Graph 7 on page 16 then was used to estimate the demand for veterans 85+ in the Chippewa Falls Home's primary market area. The demand for those veterans, as highlighted by the lighter blue portion of the bars in Graph 8 above, is estimated to be 46 in 2013 and declines to 37 in 2030. The total demand for veterans 65+ from the Chippewa Falls Home primary market is estimated to be 131 in 2013 and 94 in 2030.

Map 4 on page 18 shows the breakdown of the estimated demand for veterans 65+ for each county in the Chippewa Falls Home primary market area for 2013 (blue numbers) and 2030 (red numbers). As would be expected, the largest number of veteran members 65+ would come from Chippewa County (34 in 2013 and 22 in 2030) and Eau Claire County (29 in 2013 and, 20 in 2030). In fact, 48% of the within primary market demand is projected to come from those two counties in 2013 and 46% in 2030. No other county in the primary market is projected to have a demand that exceeds 10 veterans 65+. Barron County is projected to have a demand of 9 in 2013, while St. Croix, and La Crosse counties would each have 8, and Dunn 7. With the exception of Chippewa and Eau Claire counties, only Barron (6) and La Crosse (7) counties would have a projected demand greater than 5 veterans 65+ by 2030.

Map 4

Chippewa Falls Veterans Home Primary
Market Area Demand for Veterans 65+



Veteran 65+ from Outside the Primary Market Area

The next component of the demand analysis is the portion of demand that will come from veterans over 65 who are from outside the Chippewa Falls Home primary market area, which includes the following areas:

- Out-of-state.
- Counties not in a Veterans Home primary market areas.
- Crossover demand from other primary market areas.

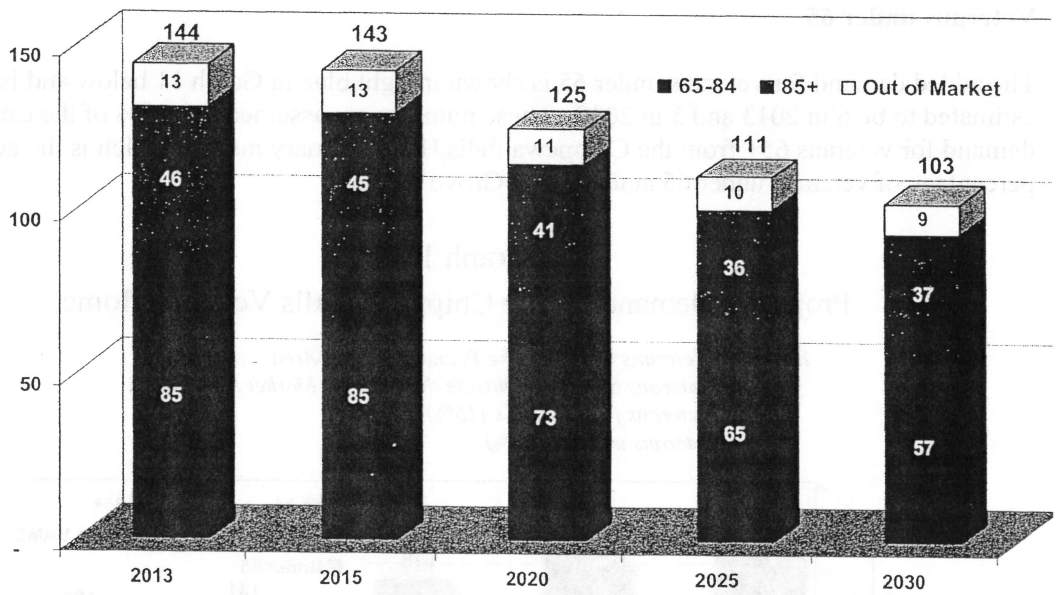
In addition to other eligibility requirements, out-of-state veterans must have entered service from the state of Wisconsin, or must have resided in the state of Wisconsin for 12-consecutive months since his/her discharge from military service in order to be eligible to live at a Wisconsin Veterans Home. Veterans 65+ who live in counties not in a Veteran Home primary market area would include those who live in counties that are colored white in Map 1 on page 8. Crossover demand is the demand from veterans 65+ who are from counties in either the King Home primary market area (highlighted red in Map 1) or the Union Grove primary market area (colored yellow in Map 1).

The added demand for veterans 65+ who are from outside the Chippewa Falls Home primary market area is shown in white in Graph 9 below and is estimated to be 13 in 2013 and 9 in 2030. These numbers are calculated assuming that the demand for veterans 65+ from outside the primary market area will be equal to10% of the estimated demand for veterans 65+ from within the Chippewa Falls Home primary market. The 10% assumption is based on the actual percentage for the Union Grove Home.

Graph 9

Projected Demand for the Chippewa Falls Veterans Home

Includes: Veterans 65+ from the Primary Market Area
Veterans 65+ from Outside the Primary Market Area (10%)



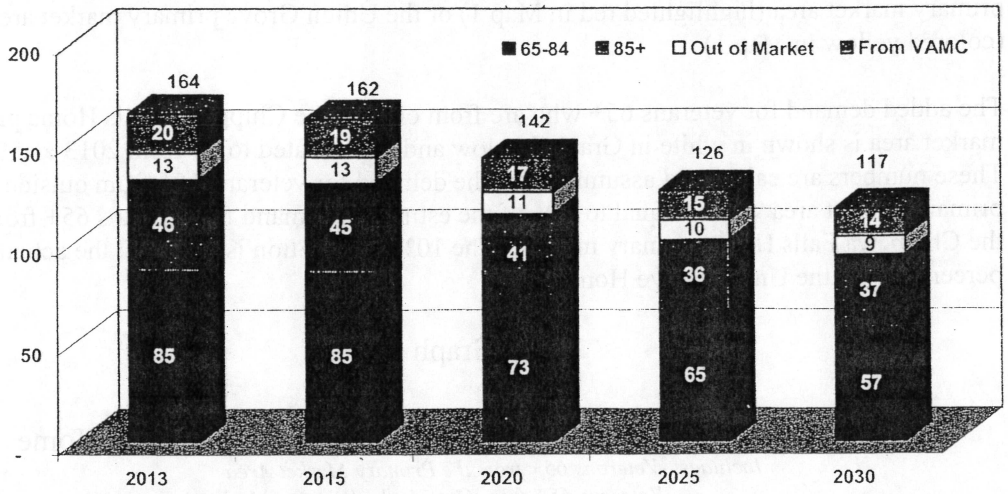
Veterans from VA Medical Centers

The next component of the demand analysis is those veterans who come from the VA Medical Centers (VAMCs). The demand for the veterans from VAMCs is estimated to be 15% of the estimated demand for veterans over 65 from the Chippewa Falls Home primary market, which is representative of the percentage of veterans from VAMCs at both the King and the Union Grove Homes. The estimated demand from VAMCs is highlighted in green on Graph 10 at the top of page 20 and ranges from 20 in 2013 to 14 in 2030.

Graph 10

Projected Demand for the Chippewa Falls Veterans Home

Includes: Veterans 65+ from the Primary Market Area
Veterans 65+ from Outside the Primary Market Area (10%)
Veterans from VAMCs (15%)



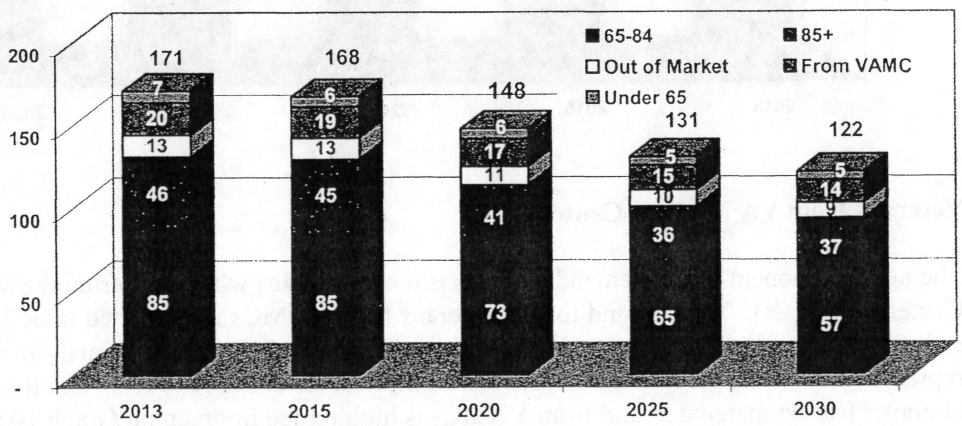
Veterans under 65

The added demand for veterans under 65 is shown in light blue in Graph 11 below and is estimated to be 6 in 2013 and 5 in 2030. These numbers are assumed to be 5% of the estimated demand for veterans 65+ from the Chippewa Falls Home primary market, which is the actual percentage of veterans under 65 at the Union Grove Home.

Graph 11

Projected Demand for the Chippewa Falls Veterans Home

Includes: Veterans 65+ from the Primary Market Area
Veterans 65+ from Outside the Primary Market Area (10%)
Veterans from VAMCs (15%)
Veterans under 65 (5%)



Total veteran demand for the Chippewa Falls Home is projected to be 171 in 2013 and 122 by 2030, which represents a 29% decline during that period of time, which is also shown in Graph 11 on page 20.

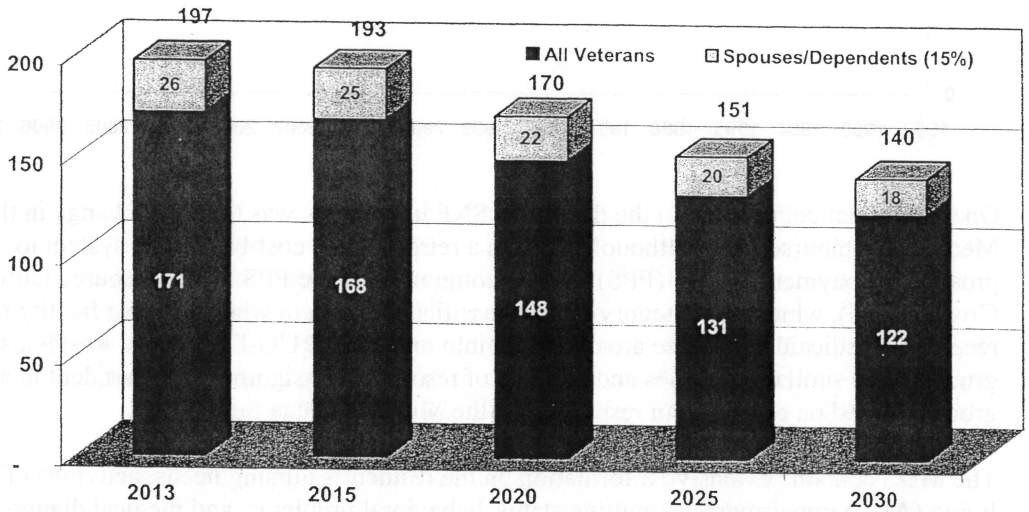
Spouses and Dependents

The last component of the demand analysis is the number of spouses and dependents. It should be noted that spouses and surviving spouses account for most of this demand, especially at the Union Grove Home. The estimated demand for spouses and dependents is shown as light green in Graph 12 below and varies from 26 in 2013 to 18 in 2030. These estimates are assumed to be 15% of the total estimated veteran demand for the Chippewa Falls Home. The percentage used is based on the percentage of spouses and dependents at the Union Grove Home.

Graph 12

Projected Demand for Chippewa Falls Veterans Home

Includes: Veterans
Spouses/Dependents (15%)



As also shown in Graph 12, is the total estimated demand for the Chippewa Falls Veterans Home, which is projected to be 196 in 2013 and decline to 140 by 2030. It is important to note that these estimates are based on the assumption that the usage rate for skilled nursing care will remain constant over the period from 2013 to 2030.

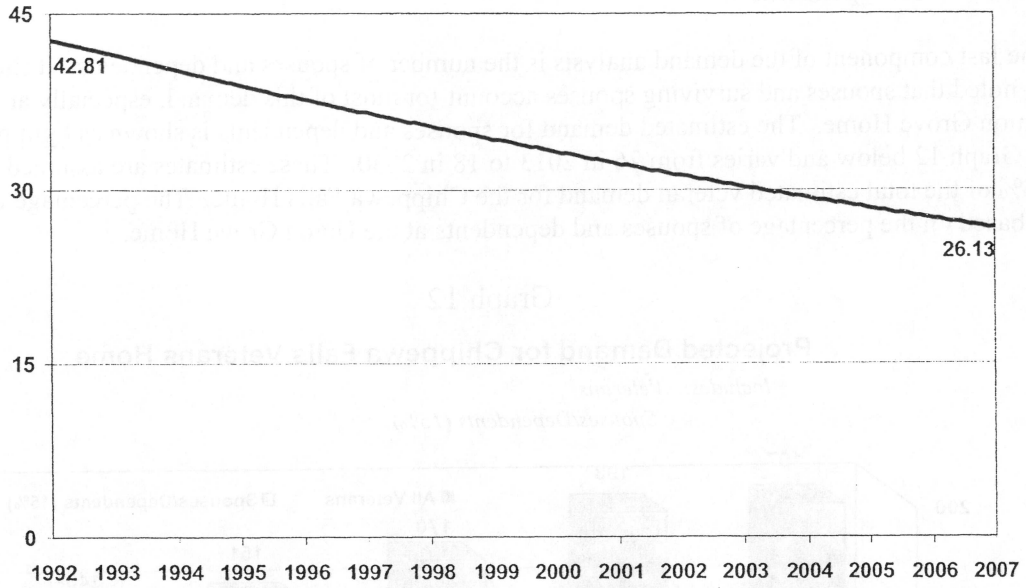
Adjusting Demand Estimates for Declining SNF Usage Rates

The skilled nursing facility (SNF) usage rates for males 65+ over the period from 1992 through 2007 are presented in Graph 13 on page 22. What the data shows is that the SNF usage rates declined from 42.81 per 1,000 males 65+ in 1992 to 26.13 in 2007 (or a 39% decrease). It should be noted that the 2007 usage rate is the most recent data available at this time and that the usage rate for males is being used because 85% of the members at King and Union Grove Veterans Homes are males.

Graph 13

Wisconsin Skilled Nursing Home Usage Rates for Males 65+

(1992 – 2007)



One factor that contributed to the decline in SNF usage rates was the 1998 change in the Medicaid reimbursement methodology from a retrospective cost-based rate system to a prospective payment system (PPS). A key component of the PPS is the Resource Utilization Group (RUG), which is a category-based classification system where nursing facility residents receiving Medicaid assistance are classified into one of 53 RUG-III groups. Residents in each group utilize similar quantities and patterns of resources. Assignment of a resident to a RUG-III group is based on certain item responses on the Minimum Data Set (MDS).

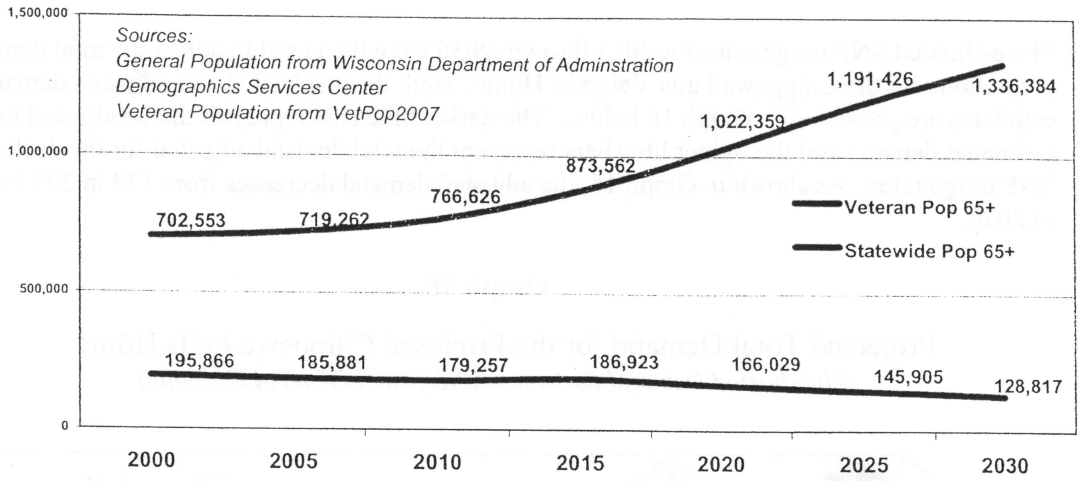
The MDS contains extensive information on the resident's nursing needs, activities of daily living (ADL) impairments, cognitive status, behavioral problems, and medical diagnoses. Residents that require more specialized nursing requirements, need licensed therapies or have greater ADL dependency are assigned to higher groups in the RUG-III hierarchy. Providing care to these residents is more costly, and is reimbursed on a higher level. Conversely, those residents with lower care needs are assigned to lower RUGs, which have a lower reimbursement rate.

Under the PPS, reimbursement rates for lower RUGs were set below the cost of care. As a result, it became unprofitable for SNFs to admit individuals with those care needs. Consequently, those individuals were forced to use other less costly alternatives such as assisted living, home care and adult day care, which one of the reasons that the SNF usage rate has continued to decline.

What Graph 14 on the next page shows is that the 65+ veteran population will decrease by about 30% between 2000 and 2030, with most of the decline taking place between 2015 and 2030. In

Graph 14

Statewide Population 65+ vs. Veteran Population 65+

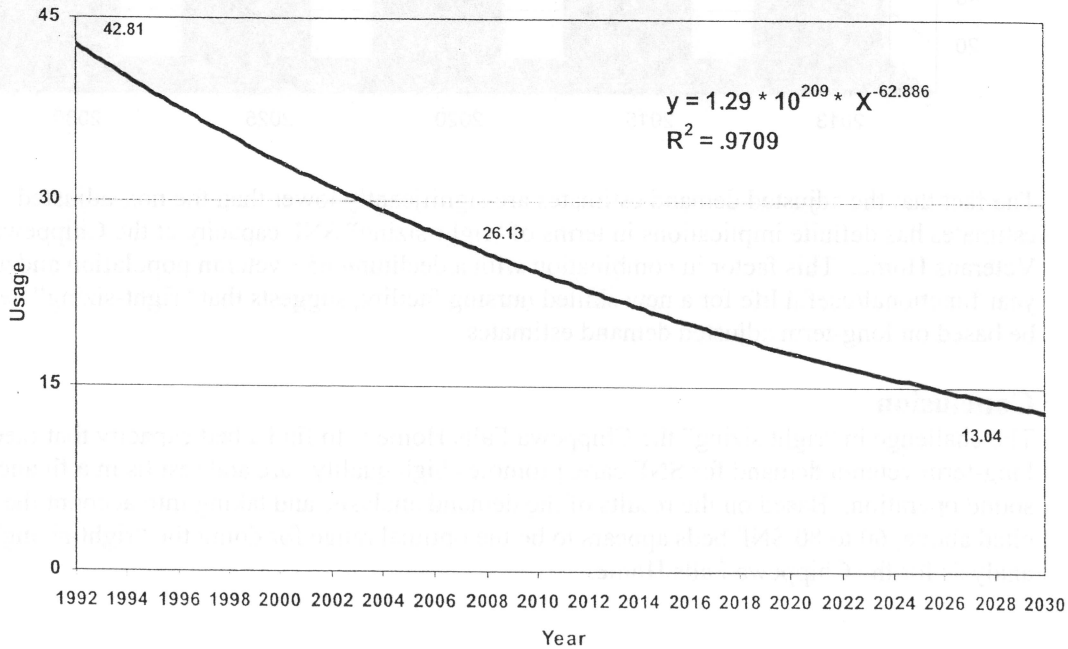


contrast, the 65+ general population will nearly double between 2000 and 2030. To control Medicaid costs, the federal government will have to implement changes in reimbursement policies similar to what was done in the late 1990's when the PPS was implemented. Under this scenario, it would be expected that SNF usages rates would continue to decline out into the future.

Graph 15

Projected Skilled Nursing Usage Rate for Males 65+

(2008 – 2030)

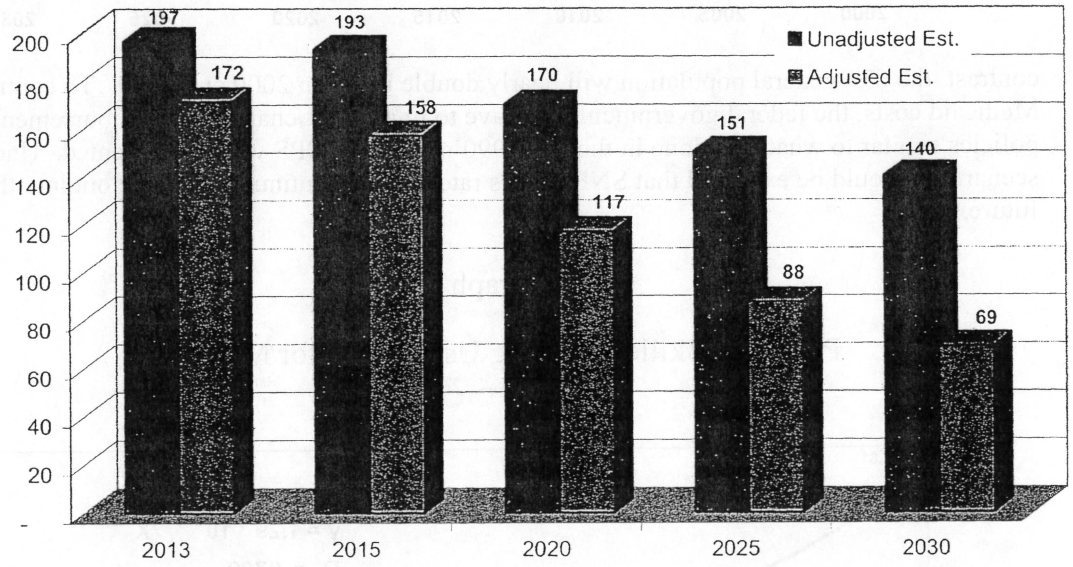


In Graph 15 at the bottom of page 23, nursing home usage rates for males 65+ are trended using a power function for the period 1992 through 2007. The R^2 for the estimated power function is .97, which means that 97% of the variation in usage rates in explained by the function. Based on the estimates derived from the power function, the SNF usage rate for males 65+ is projected to decline from 26.13 in 2007 to 13.04 in 2030.

The estimated SNF usage rates for 2013 through 2030 were then used to adjust the total demand projections for the Chippewa Falls Veterans Home. Both the unadjusted and adjusted demand estimates are presented in Graph 16 below. The darker blue bars represent the unadjusted total estimated demand and the lighter blue bars represent the total demand adjusted for the declining SNF usage rates. As shown in Graph 16, the adjusted demand decreases from 172 in 2013 to 69 in 2030.

Graph 16

Projected Total Demand for the Proposed Chippewa Falls Home
(Unadjusted Demand Estimate vs. Adjusted Demand Estimate)



The fact that the adjusted demand estimates are significantly lower than the non-adjusted estimates has definite implications in terms of "right-sizing" SNF capacity at the Chippewa Falls Veterans Home. This factor in combination with a declining 65+ veteran population and a 30+ year functional/useful life for a new skilled nursing facility, suggests that "right-sizing" needs to be based on long-term adjusted demand estimates.

Conclusion

The challenge in "right sizing" the Chippewa Falls Home is to find a bed capacity that meets long-term veteran demand for SNF care, promotes high quality care and results in a financially sound operation. Based on the results of the demand analysis, and taking into account the factors cited above, 60 to 80 SNF beds appears to be the optimal range for doing the "right-sizing" analysis for the Chippewa Falls Home.

FINANCIAL PROJECTIONS

The financial success of the proposed Chippewa Falls Veterans Home is dependent on the Home's ability to efficiently and effectively use labor and non-labor resources and maintain occupancy of at least 95%.

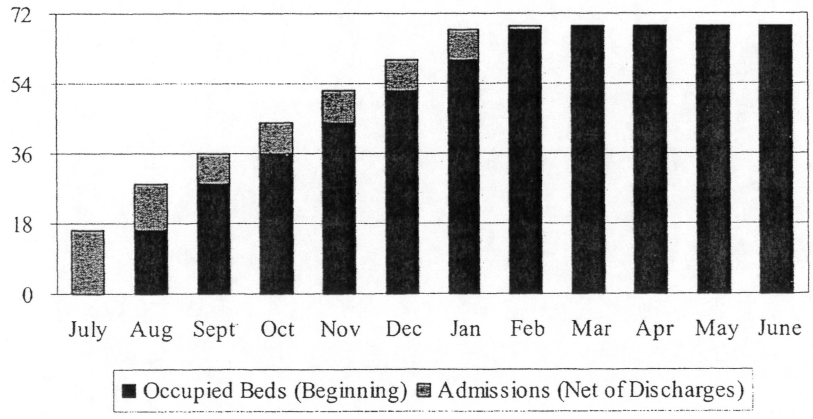
Important Assumptions

As previously described, the proposed Chippewa Falls Veterans Home will be a seventy-two bed skilled nursing facility designed in the neighborhood concept. Each neighborhood will consist of two, back-to-back, eighteen member households, for a total of 36 members per neighborhood. Based on that design, an assumed case mix weight of 1.0, federal and state regulatory requirements and position responsibilities, a post-shift staffing model was developed by Pathway Health Services, Inc., (Pathways) in consultation with subject matter experts from the King Veterans Home and the Union Grove Veterans Home. The post-shift staffing model is included in Appendix D.

Utilizing the post-shift staffing model together with an assumed fill rate of four admissions net of discharges per week for the first six weeks plus an additional two net admissions per week until the facility achieves 95% occupancy; a staffing plan for the Chippewa Falls Veterans Home was developed. The projected first year census by month is shown in Graph 17 below. The plan was designed to ensure staff will have sufficient time for planning, training and orientation, and relies on the provision of assistance from the existing veterans' homes, particularly in the area of admissions. The plan further assumes the Chippewa Falls Home will be able to implement previously developed standardized policies, procedures and protocols from the existing veterans' homes.

Graph 17

Chippewa Falls Veterans Home
Projected First Year Census



Thirty-six (36) full-time equivalent employees will be hired during the twenty-six week period prior to opening and fifty-six and one half (56.5) full-time equivalent positions will be hired during the nineteen-week period after opening, for a total of ninety-two and one half (92.5) full-time equivalent positions. A summary of full-time equivalent positions by function is included in Table 2 on page 26.

Table 2

Chippewa Falls Veterans Home
Full-Time Equivalent Positions by Function

	Year 0	Year 1	Years 2 +
Administration	0.92	6.00	6.00
Social Services	0.27	2.00	2.00
Nursing Administration	0.38	8.03	8.50
Registered Nurses	0.15	5.62	6.00
Licensed Practical Nurses	0.23	12.77	14.00
Certified Nursing Assistants	0.23	32.96	38.00
Activities	0.04	2.60	3.00
Dietary	0.23	8.23	9.00
Facilities/Maintenance	0.08	1.00	1.00
Housekeeping	0.04	3.42	4.00
Transportation	0.04	1.00	1.00
Total FTE	2.62	83.6	92.50

The cost of staffing positions, as shown in Table 3 below, was projected using the lowest hourly rate payable to an employee upon appointment to a non-trainee permanent or project position allocated to the classification/class title. To the extent permitted by current collective bargaining and compensation agreements and where appropriate based on departmental or industry standards, amounts were estimated for hiring above the minimum. Amounts were further estimated for holiday pay, responsibility pay, night and weekend differential pay and add-ons by classification. General wage increases as well as increases in the biennial fringe benefit rate were projected at 2%.

Table 3

Chippewa Falls Veterans Home
Projected Personnel Costs by Function

	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5
Administration	$ 66,923	$ 325,322	$ 331,828	$ 338,465	$ 346,562	$ 352,139
Social Services	12,125	91,517	93,348	95,215	97,492	99,061
Nursing Administration	31,993	489,580	535,421	546,129	559,138	568,193
Registered Nurses	9,637	395,666	428,549	437,120	447,421	454,780
Licensed Practical Nurses	8,485	493,931	550,710	561,724	575,093	584,418
Certified Nursing Assistants	6,697	1,015,914	1,187,778	1,211,534	1,240,338	1,260,480
Activities	1,847	101,188	116,414	118,742	121,583	123,540
Dietary	7,659	233,968	269,056	274,437	280,980	285,524
Facilities/Maintenance	2,605	34,408	35,096	35,798	36,655	37,244
Housekeeping	960	83,360	99,115	101,097	103,516	105,181
Transportation	906	23,940	24,419	24,907	25,503	25,914
Subtotal	$ 149,836	$3,288,793	$3,671,734	$3,745,169	$3,834,281	$3,896,474
LTE, Overtime Budget	-	37,944	52,405	53,453	54,671	55,613
Fringe Benefits	77,540	1,755,010	2,005,646	2,045,759	2,136,295	2,170,976
Total Personnel Costs	$ 227,377	$5,081,747	$5,729,785	$5,844,381	$6,025,247	$6,123,062

Supplies and services and other non-personnel costs have been projected using industry averages as modified to reflect costs unique to veterans' homes or Chippewa Falls Veterans Home, specifically. Startup costs are estimated to include the purchase of supplies to establish par amounts at a cost equal to one-twelfth of the projected annual budget, except for food and drugs, for which one week's supply is projected. Startup costs are also projected for the purchase of textiles, small wares, flatware and dishes. Debt service and depreciation are calculated based on an assumed cost to construct of $20,000,000, 65% of which will be paid by the USDVA State Home Construction Grant Program.

Revenues have been projected for the Chippewa Falls Veterans Home based on a payer mix that models the actual experience of the Union Grove Veterans Home's skilled nursing facility, Boland Hall. The projected private pay rate has been calculated using the current rate setting methodology for the Wisconsin Veterans Homes skilled nursing facilities, while the Medicaid and Medicare rates have been estimated by the Department of Health Services and Pathways, respectively. Inflationary increases in Medicaid, Medicare and VA Per Diem, have been estimated using historical experience. Rates used in the projection of revenues are shown in Table 4 below.

Table 4

Chippewa Falls Veterans Home
Projected Rates Per Patient Day

	Year 1	Year 2	Year 3	Year 4	Year 5
Private Pay Rate	$ 305.00	$ 311.00	$ 317.00	$ 326.00	$ 331.00
Medicaid Rate	$ 269.09	$ 276.90	$ 285.48	$ 294.33	$ 303.46
Medicare Rate	$ 350.00	$ 360.85	$ 372.04	$ 383.57	$ 395.46
Federal VA Per Diem	$ 76.32	$ 80.06	$ 83.98	$ 88.09	$ 92.41

A complete list of assumptions used in the development of the pro-forma statements is included in Appendix D.

Projected Profit and Loss

The Pro-Forma Statement of Revenues, Expenses and Changes in Fund Balance for the Chippewa Falls Veterans Home are shown in Table 5 below. The primary objective for preparing five-year financial projections for the proposed operation was to determine whether it could be profitable within such period. As the Pro-Forma statement shows, the Chippewa Falls Veterans Home begins generating operating income in Year 2, with a projected amount of $252,484, and net income in Year 4, with a projected amount of $10,006.

Table 5

Department of Veterans Affairs
Chippewa Falls Veterans Home
Pro-Forma Statement of Revenues, Expenses and Changes in Fund Balance

	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5
Operating Revenues:						
Charges for Goods and Services						
Member Contributions	$ -	$ 1,589,213	$ 2,197,096	$ 2,386,130	$ 2,350,251	$ 2,353,686
Medicaid	-	2,932,305	3,673,892	3,553,402	3,867,235	3,976,195
Medicare Part A	-	390,950	994,142	1,056,955	968,896	996,560
VA Per Diem	-	1,181,929	1,559,191	1,636,851	1,780,573	1,862,739
Total Operating Revenues	$ -	$ 6,094,397	$ 8,424,321	$ 8,633,339	$ 8,966,956	$ 9,189,179
Operating Expenses:						
Personal Services	$ 227,377	$ 5,081,747	$ 5,729,785	$ 5,844,381	$ 6,025,247	$ 6,123,062
Supplies and Services	114,857	1,310,465	1,707,107	1,762,405	1,824,419	1,861,139
Depreciation Expense	-	724,835	724,835	724,835	724,835	724,835
Other Expenses	-	7,313	10,109	10,360	10,760	11,027
Total Operating Expenses	$ 342,234	$ 7,124,360	$ 8,171,837	$ 8,341,982	$ 8,585,263	$ 8,720,063
Operating Income (Loss)	$ (342,234)	$ (1,029,963)	$ 252,484	$ 291,357	$ 381,694	$ 469,116
Nonoperating Revenues (Expenses):						
Interest Expense	-	(420,000)	(404,369)	(388,270)	(371,687)	(354,607)
Other Revenues	-	-	-	-	-	-
Other Expenses	-	-	-	-	-	-
Total Nonoperating Revenues (Expenses)	$ -	$ (420,000)	$ (404,369)	$ (388,270)	$ (371,687)	$ (354,607)
Income (Loss) Before Contributions	$ (342,234)	$ (1,449,963)	$ (151,886)	$ (96,913)	$ 10,006	$ 114,509
Capital Contributions	$ 13,000,000	$ -	$ -	$ -	$ -	$ -
Intrafund Transfers In	-	-	-	-	-	-
Intrafund Transfers Out	-	-	-	-	-	-
Net Change in Fund Equity	$ 12,657,766	$ (1,449,963)	$ (151,886)	$ (96,913)	$ 10,006	$ 114,509
Fund Equity, Beginning of Year	$ -	$ 12,657,766	$ 11,207,803	$ 11,055,917	$ 10,959,004	$ 10,969,011
Fund Equity, End of Year	$ 12,657,766	$ 11,207,803	$ 11,055,917	$ 10,959,004	$ 10,969,011	$ 11,083,519

Projected Cash Flow

The Pro-Forma Statement of Cash Flows for the Chippewa Falls Veterans Home is shown below. As the Pro-Forma statement shows, the Chippewa Falls Home begins generating positive cash flow in Year 2, with projected net cash flow of $304,625, and by Year 5 has accumulated $324,614 of cash.

Table 6

Department of Veterans Affairs
Chippewa Falls Veterans Home
Pro-Forma Statement of Cash Flows

	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5
Net Income (Loss)	$ (342,234)	$ (1,449,963)	$ (151,886)	$ (96,913)	$ 10,006	$ 114,509
Plus:						
Depreciation	$ -	$ 724,835	$ 724,835	$ 724,835	$ 724,835	$ 724,835
Increase (Decrease) in Long-Term Debt	7,000,000	(260,510)	(268,325)	(276,375)	(284,666)	(293,206)
Increase (Decrease) in Accounts Payable	-	-	-	-	-	-
Capital Contributions	13,000,000	-	-	-	-	-
Intrafund Transfers In (Out)	-	-	-	-	-	-
Subtotal	$ 19,657,766	$ (985,638)	$ 304,625	$ 351,547	$ 450,176	$ 546,138
Less:						
Decrease (Increase) in Accounts Receivable	$ -	$ -	$ -	$ -	$ -	$ -
Capital Expenditures	20,000,000	-	-	-	-	-
Subtotal	$ 20,000,000	$ -	$ -	$ -	$ -	$ -
Net Cash Flow	$ (342,234)	$ (985,638)	$ 304,625	$ 351,547	$ 450,176	$ 546,138
Beginning Cash Balance	$ -	$ (342,234)	$ (1,327,872)	$ (1,023,247)	$ (671,699)	$ (221,524)
Ending Cash Balance	$ (342,234)	$ (1,327,872)	$ (1,023,247)	$ (671,699)	$ (221,524)	$ 324,614

Projected Balance Sheet

The Pro-Forma Balance Sheet for the Chippewa Falls Veterans Home is shown in Table 7 below. The ending Cash Balance and Unrestricted Fund Equity, both in the amount of $324,614 at the end of Year 5, reflect the accumulation of cash and equity as a result of operations from inception to date.

Table 7

Department of Veterans Affairs
Chippewa Falls Veterans Home
Pro-Forma Balance Sheet

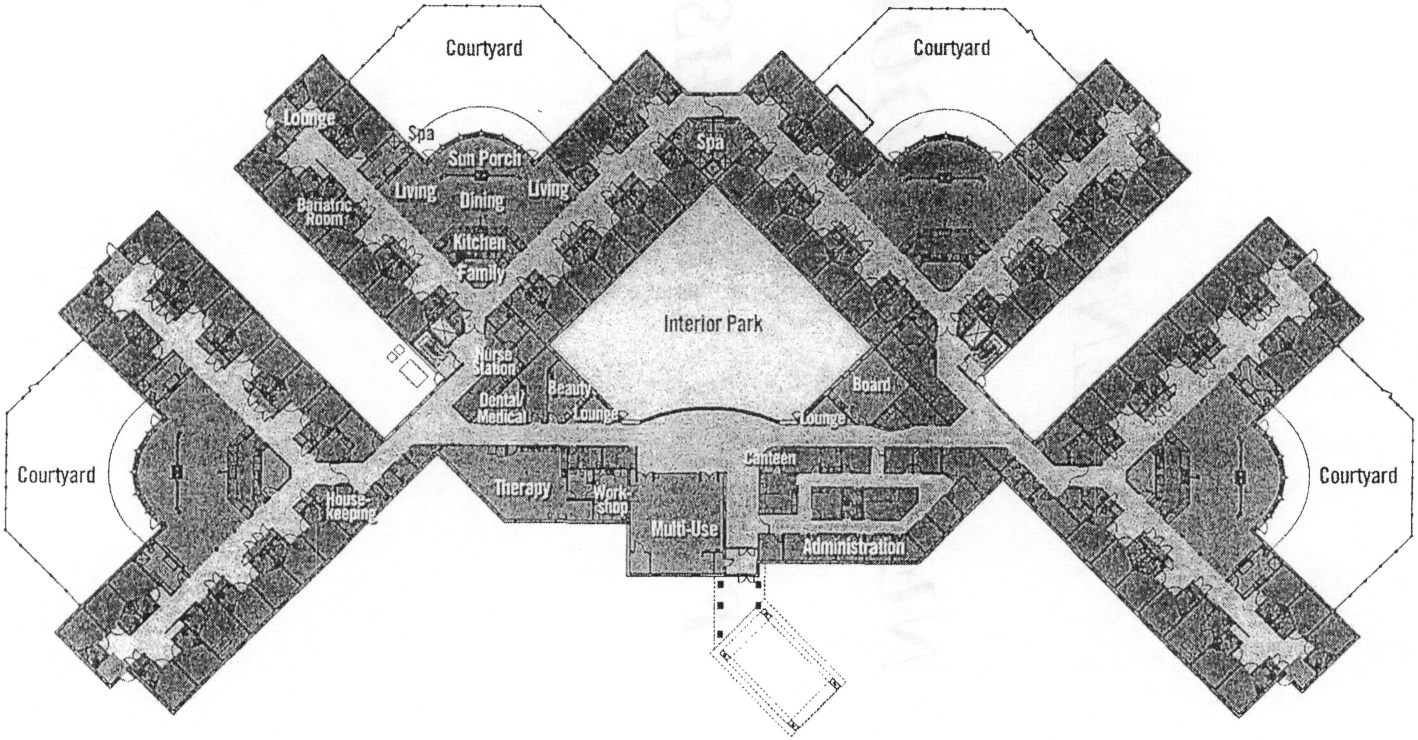
	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5
Assets						
Cash and Cash Equivalents	$ (342,234)	$ (1,327,872)	$ (1,023,247)	$ (671,699)	$ (221,524)	$ 324,614
Members Receivable	0	0	0	0	0	0
Medicaid Receivable	0	0	0	0	0	0
Medicare Part A Receivable	0	0	0	0	0	0
VA Per Diem Receivable	0	0	0	0	0	0
Prepaid Items	0	0	0	0	0	0
Other Receivables	0	0	0	0	0	0
Capital Assets	20,000,000	19,275,165	18,550,329	17,825,494	17,100,658	16,375,823
Total Assets	$ 19,657,766	$ 17,947,293	$ 17,527,082	$ 17,153,794	$ 16,879,134	$ 16,700,437
Liabilities						
Accounts Payable	$ -	$ -	$ -	$ -	$ -	$ -
Fringe Benefits Payable	0	0	0	0	0	0
Long-Term Debt Payable	7,000,000	6,739,490	6,471,165	6,194,790	5,910,124	5,616,917
Total Liabilities	$ 7,000,000	$ 6,739,490	$ 6,471,165	$ 6,194,790	$ 5,910,124	$ 5,616,917
Fund Equity						
Invested in Capital Assets, Net of Related Debt	$ 13,000,000	$ 12,535,674	$ 12,079,164	$ 11,630,704	$ 11,190,535	$ 10,758,905
Unrestricted Fund Equity	(342,234)	(1,327,872)	(1,023,247)	(671,699)	(221,524)	324,614
Total Fund Equity	$ 12,657,766	$ 11,207,803	$ 11,055,917	$ 10,959,004	$ 10,969,011	$ 11,083,519
Total Liabilites and Fund Equity	$ 19,657,766	$ 17,947,293	$ 17,527,082	$ 17,153,794	$ 16,879,134	$ 16,700,437

APPENDICES

APPENDIX A

NEIGHBORHOOD CONCEPT PHOTOGRAPHS

Neighborhood Concept

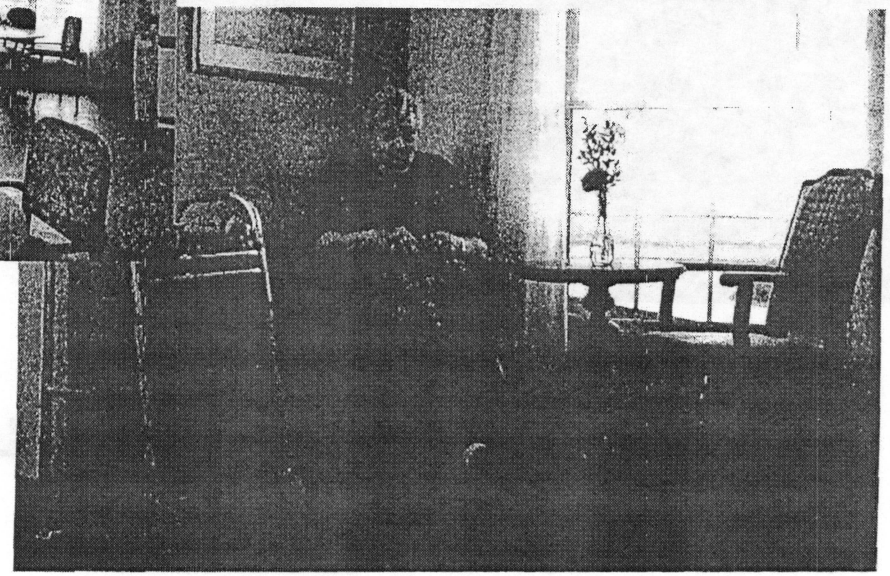


Warroad Senior Care

Member Room

Neighborhood Concept

Create a member-centered home-like environment



Neighborhood Concept

Member Center

APPENDIX B

DEMAND ANALYSIS ASSUMPTIONS

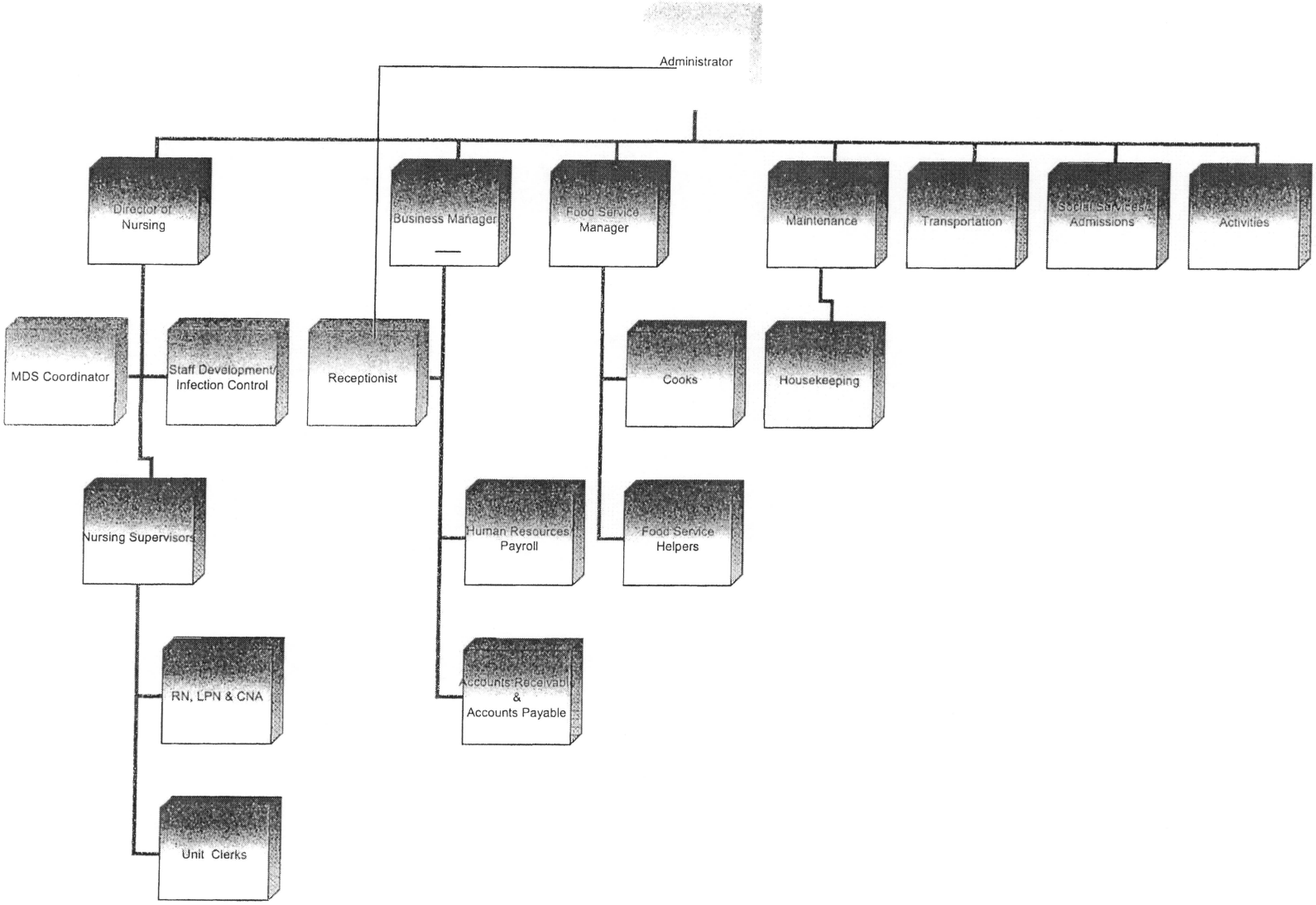
DEMAND ANALYSIS ASSUMPTIONS

- The regression model for the King Veterans Home will provide accurate estimates of the veteran demand for the proposed Chippewa Falls Veterans Home.
- SNF usage rates for veterans will remain constant in the Chippewa Falls Veterans Home Primary Market Area.
- The U.S. Department of Veterans Affairs (VA) population projections that are used in the demand model (VetPop2007) are based on the federal fiscal year, which runs October through September.
- Population projections provided by the VA are reasonably accurate.
- The Chippewa Falls home will open some time during fiscal year 2013.
- Veterans under age 65 and those admitted from VA medical facilities were treated as a percentage of veterans over age 65.
- Spouses and dependents were also treated separately based on the percentage of the total veteran members at the Chippewa Fall Veterans Home.
- Veterans who come from counties outside the three market area, and are also treated separately.
- The primary market area is defined by those counties whose county seat is no more than 75 miles from Chippewa Fall Veterans Home.
- Medicaid reimbursements and VA per diem payments will increase at the same rate as inflation.
- The level of marketing for the veteran's homes will remain the same through 2030. If the level of marketing were to increase or decrease, it could have a like impact on the usage rate.
- The demand analysis does not include any impacts that would occur from recent federal law changes that require the (VA) to pay the cost of care for veterans with a 70% or higher disability rating who are members at a state veteran's home.

APPENDIX C

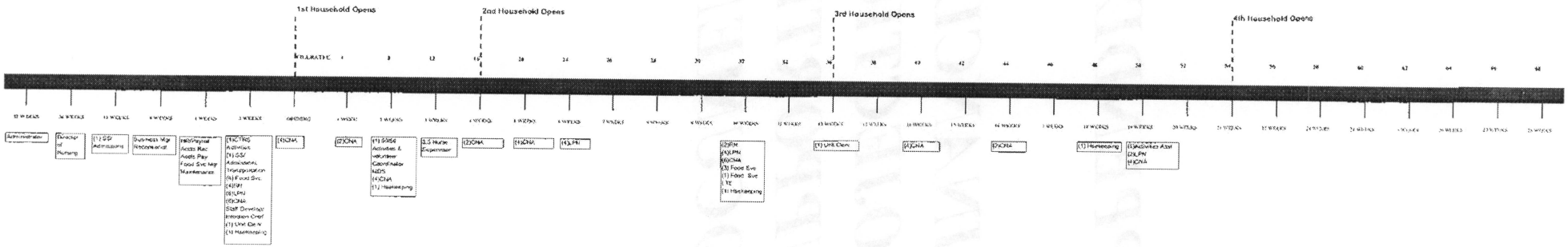
ORGANIZATION CHART & STAFFING TIMELINE

Organizational Chart for WVH – Chippewa Falls



STAFFING TIMELINE FOR WVH-CHIPPEWA FALLS

STAFFING TIMELINE FOR WVH-CHIPPEWA FALLS



APPENDIX D

FINANCIAL PROJECTIONS SUPPORTING DOCUMENTS

Chippewa Falls Veterans Home
Post-Shift Staffing Model

	Weekday Staffing					Weekend Staffing					Weekly	Daily	Annual	Hours
	Day	PM	Night	Daily	Weekly	Day	PM	Night	Daily	Weekly	Total	Hours	Total	PPD
Director of Nursing	8	-	-	8	40	-	-	-	-	-	40	5.7	2,080	0.08
Nurse Supervisor	-	8	8	16	80	8	8	8	24	48	128	18.3	6,656	0.27
MDS Coordinator	8	-	-	8	40	-	-	-	-	-	40	5.7	2,080	0.08
Staff Development/Infection Control	8	-	-	8	40	-	-	-	-	-	40	5.7	2,080	0.08
Unit Clerk	8	4	-	12	60	8	4	-	12	24	84	12.0	4,368	0.17
											Subtotal Administrative Staffing			0.69
RN (Registered Nurse)	16	8	8	32	160	16	8	8	32	64	224	32.0	11,648	0.47
LPN (Licensed Practical Nurse)	32	32	8	72	360	32	32	8	72	144	504	72.0	26,208	1.05
CNA (Certified Nursing Assistant)	72	72	48	192	960	72	72	48	192	384	1,344	192.0	69,888	2.80
											Subtotal Staffing on the Floors			4.32
											Total Nursing Staffing			5.01

Proposed Wisconsin Veterans Home-Chippewa Falls
Cost Projections by Function

	Year 0						
	Hours Per Day	Paid Hours	FTE's	Hours PPD	Ave Pay Rate	Costs PPD	Total Costs Year 0
NURSING							
Nursing Administration	0.0	800.0	0.38	0.0	$ 39.84	N/A	$ 31,992.66
Nurse Clinicians	0.0	320.0	0.15	0.0	$ 30.00	N/A	$ 9,636.92
Licensed Practical Nurses	0.0	480.0	0.23	0.0	$ 17.61	N/A	$ 8,484.83
Nursing Assistants	0.0	480.0	0.23	0.0	$ 13.90	N/A	$ 6,697.18
Overtime and Limited Term Employees						N/A	$ -
Subtotal, Wages						N/A	$ 56,811.59
Fringe Benefits						N/A	$ 29,400.00
Subtotal, Personnel Costs						N/A	$ 86,211.59
Supplies						N/A	$ 16,644.00
Professional Fees						N/A	$ -
Other						N/A	$ 2,080.50
Subtotal, Supplies and Services						N/A	$ 18,724.50
Total Nursing Costs						N/A	$ 104,936.09
SOCIAL SERVICES, ADMISSIONS							
Wages	0.0	560.0	0.27	0.0	$ 21.57	N/A	$ 12,124.53
Fringe Benefits						N/A	$ 6,274.44
Subtotal, Personnel Costs						N/A	$ 18,398.97
Supplies and Services						N/A	$ 208.05
Total Social Services, Admissions Cost						N/A	$ 18,607.02
ACTIVITIES							
Wages	0.0	80.0	0.04	0.0	$ 23.00	N/A	$ 1,847.08
Fringe Benefits						N/A	$ 955.86
Subtotal, Personnel Costs						N/A	$ 2,802.94
Supplies and Services						N/A	$ 2,080.50
Total Activities Cost						N/A	$ 4,883.44
DIETARY							
Wages	0.0	480.0	0.23	0.0	$ 15.90	N/A	$ 7,659.19
Fringe Benefits						N/A	$ 3,963.63
Subtotal, Personnel Costs						N/A	$ 11,622.82
Food						N/A	$ 3,168.76
Supplies and Services						N/A	$ 35,825.40
Subtotal, Supplies and Services						N/A	$ 38,994.16
Total Dietary Costs						N/A	$ 50,616.98
HOUSEKEEPING							
Wages	0.0	80.0	0.04	0.0	$ 11.95	N/A	$ 959.60
Fringe Benefits						N/A	$ 496.59
Subtotal, Personnel Costs						N/A	$ 1,456.19
Supplies and Services						N/A	$ 2,080.50
Total Housekeeping Costs						N/A	$ 3,536.69
LAUNDRY							
Contractual Services						N/A	$ -
Supplies and Services						N/A	$ 16,664.40
Total Laundry Costs						N/A	$ 16,664.40
MAINTENANCE, TRANSPORTATION							
Wages	0.0	240.0	0.12	0.0	$ 14.57	N/A	$ 3,511.05
Fringe Benefits						N/A	$ 1,816.97
Subtotal, Wages						N/A	$ 5,328.02
Utilities						N/A	$ 15,811.80
Repairs						N/A	$ -
Other (transportation)						N/A	$ 6,241.50
Subtotal, Supplies and Services						N/A	$ 22,053.30
Maintenance and Transportation Costs						N/A	$ 27,381.32
ADMINISTRATION							
Wages	0.0	1,920.0	0.92	0.0	$ 34.72	N/A	$ 66,923.45
Fringe Benefits						N/A	$ 34,632.89
Subtotal, Wages						N/A	$ 101,556.34
Central Office Support						N/A	$ -
Data Processing/Licensing Fees						N/A	$ 3,744.90
Supplies and Services						N/A	$ 5,825.40
Subtotal, Supplies and Services						N/A	$ 9,570.30
Total Administration						N/A	$ 111,126.64
OTHER COSTS							
Therapies						N/A	$ -
Drugs						N/A	$ 2,400.58
Other						N/A	$ 2,080.50
Bed Tax						N/A	$ -
Total Other Costs						N/A	$ 4,481.08
PROPERTY COSTS							
Interest Expense						N/A	$ -
Depreciation Expense						N/A	$ -
Total Property costs						N/A	$ -
TOTAL EXPENSES						N/A	$ 342,233.66

Proposed Wisconsin Veterans Home-Chippewa Falls
Cost Projections by Function

	Year 1						
	Hours Per Day	Paid Hours	FTE's	Hours PPD	Ave Pay Rate	Costs PPD	Total Costs Year 1
NURSING							
Nursing Administration	45.9	16,760.0	8.03	0.9	$ 29.21	$ 26.32	$ 489,579.52
Nurse Clinicians	32.1	11,720.0	5.62	0.6	$ 33.76	$ 21.27	$ 395,666.00
Licensed Practical Nurses	73.0	26,660.0	12.77	1.4	$ 18.53	$ 26.56	$ 493,930.88
Nursing Assistants	188.5	68,820.0	32.96	3.7	$ 14.76	$ 54.62	$ 1,015,913.80
Overtime and Limited Term Employees						$ 2.04	$ 37,944.00
Subtotal, Wages						$ 130.81	$ 2,433,034.20
Fringe Benefits						$ 69.49	$ 1,292,518.76
Subtotal, Personnel Costs						$ 200.30	$ 3,725,552.96
Supplies						$ 8.24	$ 153,264.00
Professional Fees						$ 1.85	$ 34,484.40
Other						$ 1.03	$ 19,158.00
Subtotal, Supplies and Services						$ 11.12	$ 206,906.40
Total Nursing Costs						$ 211.42	$ 3,932,459.36
SOCIAL SERVICES, ADMISSIONS							
Wages	11.4	4,170.0	2.00	0.2	$ 21.95	$ 4.92	$ 91,517.34
Fringe Benefits						$ 2.55	$ 47,360.22
Subtotal, Personnel Costs						$ 7.47	$ 138,877.56
Supplies and Services						$ 0.10	$ 1,915.80
Total Social Services, Admissions Cost						$ 7.57	$ 140,793.36
ACTIVITIES							
Wages	14.8	5,420.0	2.60	0.3	$ 18.67	$ 5.44	$ 101,187.55
Fringe Benefits						$ 2.82	$ 52,364.56
Subtotal, Personnel Costs						$ 8.26	$ 153,552.11
Supplies and Services						$ 1.03	$ 19,158.00
Total Activities Cost						$ 9.29	$ 172,710.11
DIETARY							
Wages	47.1	17,180.0	8.23	0.9	$ 13.62	$ 12.58	$ 233,967.99
Fringe Benefits						$ 6.51	$ 121,078.43
Subtotal, Personnel Costs						$ 19.09	$ 355,046.42
Food						$ 6.93	$ 128,898.00
Supplies and Services						$ 2.88	$ 53,642.40
Subtotal, Supplies and Services						$ 9.81	$ 182,540.40
Total Dietary Costs						$ 28.90	$ 537,586.82
HOUSEKEEPING							
Wages	19.6	7,140.0	3.42	0.4	$ 11.68	$ 4.48	$ 83,359.78
Fringe Benefits						$ 2.32	$ 43,138.69
Subtotal, Personnel Costs						$ 6.80	$ 126,498.47
Supplies and Services						$ 1.03	$ 19,158.00
Total Housekeeping Costs						$ 7.83	$ 145,656.47
LAUNDRY							
Contractual Services						$ 2.50	$ 46,500.00
Supplies and Services						$ 0.80	$ 14,880.00
Total Laundry Costs						$ 3.30	$ 61,380.00
MAINTENANCE, TRANSPORTATION							
Wages	11.4	4,170.0	2.00	0.2	$ 13.99	$ 3.14	$ 58,348.24
Fringe Benefits						$ 1.62	$ 30,195.21
Subtotal, Wages						$ 4.76	$ 88,543.45
Utilities						$ 10.79	$ 200,681.15
Repairs						$ 1.03	$ 19,158.00
Other (transportation)						$ 3.09	$ 57,474.00
Subtotal, Supplies and Services						$ 14.91	$ 277,313.15
Maintenance and Transportation Costs						$ 19.67	$ 365,856.60
ADMINISTRATION							
Wages	34.3	12,520.0	6.00	0.7	$ 25.98	$ 17.49	$ 325,321.90
Fringe Benefits						$ 9.05	$ 168,354.08
Subtotal, Wages						$ 26.54	$ 493,675.98
Central Office Support						$ 7.14	$ 132,804.00
Data Processing/Licensing Fees						$ 1.85	$ 34,484.40
Supplies and Services						$ 2.88	$ 53,642.40
Subtotal, Supplies and Services						$ 11.88	$ 220,930.80
Total Administration						$ 38.42	$ 714,606.78
OTHER COSTS							
Therapies						$ 3.09	$ 57,474.00
Drugs						$ 5.25	$ 97,650.00
Other						$ 1.03	$ 19,158.00
Bed Tax						$ 7.90	$ 146,880.00
Total Other Costs						$ 17.27	$ 321,162.00
PROPERTY COSTS							
Interest Expense						$ 22.58	$ 420,000.00
Depreciation Expense						$ 38.97	$ 724,835.48
Total Property costs						$ 61.55	$ 1,144,835.48
TOTAL EXPENSES						$ 405.22	$ 7,537,046.99

Proposed Wisconsin Veterans Home-Chippewa Falls
Cost Projections by Function

	Year 2						
	Hours Per Day	Paid Hours	FTE's	Hours PPD	Ave Pay Rate	Costs PPD	Total Costs Year 2
NURSING							
Nursing Administration	48.6	17,740.0	8.50	1.0	$ 30.18	$ 21.26	$ 535,420.97
Nurse Clinicians	34.3	12,520.0	6.00	0.7	$ 34.23	$ 17.02	$ 428,548.92
Licensed Practical Nurses	80.1	29,230.0	14.00	1.6	$ 18.84	$ 21.87	$ 550,709.80
Nursing Assistants	217.4	79,340.0	38.00	4.3	$ 14.97	$ 47.16	$ 1,187,778.24
Overtime and Limited Term Employees						$ 2.08	$ 52,404.95
Subtotal, Wages						$ 109.39	$ 2,754,862.88
Fringe Benefits						$ 59.32	$ 1,494,013.83
Subtotal, Personnel Costs						$ 168.71	$ 4,248,876.71
Supplies						$ 8.49	$ 213,750.13
Professional Fees						$ 1.91	$ 48,093.78
Other						$ 1.06	$ 26,718.77
Subtotal, Supplies and Services						$ 11.46	$ 288,562.68
Total Nursing Costs						$ 180.16	$ 4,537,439.39
SOCIAL SERVICES, ADMISSIONS							
Wages	11.4	4,170.0	2.00	0.2	$ 22.39	$ 3.71	$ 93,347.68
Fringe Benefits						$ 1.96	$ 49,273.57
Subtotal, Personnel Costs						$ 5.66	$ 142,621.25
Supplies and Services						$ 0.11	$ 2,671.88
Total Social Services, Admissions Cost						$ 5.77	$ 145,293.13
ACTIVITIES							
Wages	17.2	6,260.0	3.00	0.3	$ 18.60	$ 4.62	$ 116,414.11
Fringe Benefits						$ 2.44	$ 61,449.19
Subtotal, Personnel Costs						$ 7.06	$ 177,863.30
Supplies and Services						$ 1.06	$ 26,718.77
Total Activities Cost						$ 8.12	$ 204,582.06
DIETARY							
Wages	51.5	18,790.0	9.00	1.0	$ 14.32	$ 10.68	$ 269,055.94
Fringe Benefits						$ 5.64	$ 142,021.18
Subtotal, Personnel Costs						$ 16.32	$ 411,077.12
Food						$ 7.28	$ 183,258.65
Supplies and Services						$ 2.97	$ 74,812.55
Subtotal, Supplies and Services						$ 10.25	$ 258,071.20
Total Dietary Costs						$ 26.57	$ 669,148.32
HOUSEKEEPING							
Wages	22.9	8,350.0	4.00	0.4	$ 11.87	$ 3.94	$ 99,114.84
Fringe Benefits						$ 2.08	$ 52,317.77
Subtotal, Personnel Costs						$ 6.01	$ 151,432.61
Supplies and Services						$ 1.06	$ 26,718.77
Total Housekeeping Costs						$ 7.07	$ 178,151.37
LAUNDRY							
Contractual Services						$ 2.65	$ 66,796.92
Supplies and Services						$ 0.85	$ 21,375.01
Total Laundry Costs						$ 3.50	$ 88,171.93
MAINTENANCE, TRANSPORTATION							
Wages	11.4	4,170.0	2.00	0.2	$ 14.27	$ 2.36	$ 59,515.21
Fringe Benefits						$ 1.25	$ 31,415.10
Subtotal, Wages						$ 3.61	$ 90,930.31
Utilities						$ 8.35	$ 210,405.75
Repairs						$ 1.06	$ 26,718.77
Other (transportation)						$ 3.18	$ 80,156.30
Subtotal, Supplies and Services						$ 12.60	$ 317,280.82
Maintenance and Transportation Costs						$ 16.21	$ 408,211.13
ADMINISTRATION							
Wages	34.3	12,520.0	6.00	0.7	$ 26.50	$ 13.18	$ 331,828.34
Fringe Benefits						$ 6.95	$ 175,155.59
Subtotal, Wages						$ 20.13	$ 506,983.93
Central Office Support						$ 7.28	$ 183,417.32
Data Processing/Licensing Fees						$ 1.91	$ 48,093.78
Supplies and Services						$ 2.97	$ 74,812.55
Subtotal, Supplies and Services						$ 12.16	$ 306,323.64
Total Administration						$ 32.29	$ 813,307.57
OTHER COSTS							
Therapies						$ 3.18	$ 80,156.30
Drugs						$ 5.51	$ 138,832.31
Other						$ 1.06	$ 26,718.77
Bed Tax						$ 5.83	$ 146,880.00
Total Other Costs						$ 15.59	$ 392,587.38
PROPERTY COSTS							
Interest Expense						$ 16.06	$ 404,369.40
Depreciation Expense						$ 28.78	$ 724,835.48
Total Property costs						$ 44.84	$ 1,129,204.88
TOTAL EXPENSES						$ 340.13	$ 8,566,097.17

Proposed Wisconsin Veterans Home-Chippewa Falls
Cost Projections by Function

	Year 3						
	Hours Per Day	Paid Hours	FTE's	Hours PPD	Ave Pay Rate	Costs PPD	Total Costs Year 3
NURSING							
Nursing Administration	48.6	17,740.0	8.50	1.0	$ 30.79	$ 21.68	$ 546,129.38
Nurse Clinicians	34.3	12,520.0	6.00	0.7	$ 34.91	$ 17.36	$ 437,119.90
Licensed Practical Nurses	80.1	29,230.0	14.00	1.6	$ 19.22	$ 22.30	$ 561,724.01
Nursing Assistants	217.4	79,340.0	38.00	4.3	$ 15.27	$ 48.11	$ 1,211,533.90
Overtime and Limited Term Employees						$ 2.12	$ 53,453.05
Subtotal, Wages						$ 111.57	$ 2,809,960.24
Fringe Benefits						$ 60.51	$ 1,523,894.17
Subtotal, Personnel Costs						$ 172.08	$ 4,333,854.40
Supplies						$ 8.74	$ 220,162.64
Professional Fees						$ 1.97	$ 49,536.59
Other						$ 1.09	$ 27,520.33
Subtotal, Supplies and Services						$ 11.80	$ 297,219.56
Total Nursing Costs						$ 183.88	$ 4,631,073.96
SOCIAL SERVICES, ADMISSIONS							
Wages	11.4	4,170.0	2.00	0.2	$ 22.83	$ 3.78	$ 95,214.64
Fringe Benefits						$ 2.00	$ 50,259.05
Subtotal, Personnel Costs						$ 5.78	$ 145,473.69
Supplies and Services						$ 0.11	$ 2,752.03
Total Social Services, Admissions Cost						$ 5.89	$ 148,225.72
ACTIVITIES							
Wages	17.2	6,260.0	3.00	0.3	$ 18.97	$ 4.71	$ 118,742.38
Fringe Benefits						$ 2.49	$ 62,678.17
Subtotal, Personnel Costs						$ 7.20	$ 181,420.55
Supplies and Services						$ 1.09	$ 27,520.33
Total Activities Cost						$ 8.30	$ 208,940.87
DIETARY							
Wages	51.5	18,790.0	9.00	1.0	$ 14.61	$ 10.90	$ 274,437.04
Fringe Benefits						$ 5.75	$ 144,861.59
Subtotal, Personnel Costs						$ 16.65	$ 419,298.63
Food						$ 7.64	$ 192,421.59
Supplies and Services						$ 3.06	$ 77,056.92
Subtotal, Supplies and Services						$ 10.70	$ 269,478.51
Total Dietary Costs						$ 27.35	$ 688,777.14
HOUSEKEEPING							
Wages	22.9	8,350.0	4.00	0.4	$ 12.11	$ 4.01	$ 101,097.14
Fringe Benefits						$ 2.12	$ 53,364.13
Subtotal, Personnel Costs						$ 6.13	$ 154,461.27
Supplies and Services						$ 1.09	$ 27,520.33
Total Housekeeping Costs						$ 7.23	$ 181,981.59
LAUNDRY							
Contractual Services						$ 2.73	$ 68,800.82
Supplies and Services						$ 0.87	$ 22,016.26
Total Laundry Costs						$ 3.61	$ 90,817.09
MAINTENANCE, TRANSPORTATION							
Wages	11.4	4,170.0	2.00	0.2	$ 14.56	$ 2.41	$ 60,705.52
Fringe Benefits						$ 1.27	$ 32,043.41
Subtotal, Wages						$ 3.68	$ 92,748.93
Utilities						$ 8.76	$ 220,601.59
Repairs	-					$ 1.09	$ 27,520.33
Other (transportation)						$ 3.28	$ 82,560.99
Subtotal, Supplies and Services						$ 13.13	$ 330,682.91
Maintenance and Transportation Costs						$ 16.81	$ 423,431.84
ADMINISTRATION							
Wages	34.3	12,520.0	6.00	0.7	$ 27.03	$ 13.44	$ 338,464.90
Fringe Benefits						$ 7.09	$ 178,658.70
Subtotal, Wages						$ 20.53	$ 517,123.60
Central Office Support						$ 7.43	$ 187,085.66
Data Processing/Licensing Fees						$ 1.97	$ 49,536.59
Supplies and Services						$ 3.06	$ 77,056.92
Subtotal, Supplies and Services						$ 12.46	$ 313,679.18
Total Administration						$ 32.99	$ 830,802.78
OTHER COSTS							
Therapies						$ 3.28	$ 82,560.99
Drugs						$ 5.79	$ 145,773.93
Other						$ 1.09	$ 27,520.33
Bed Tax						$ 5.83	$ 146,880.00
Total Other Costs						$ 15.99	$ 402,735.25
PROPERTY COSTS							
Interest Expense						$ 15.42	$ 388,269.89
Depreciation Expense						$ 28.78	$ 724,835.48
Total Property costs						$ 44.20	$ 1,113,105.36
TOTAL EXPENSES						$ 346.23	$ 8,719,891.61

Proposed Wisconsin Veterans Home-Chippewa Falls
Cost Projections by Function

	Year 4						
	Hours Per Day	Paid Hours	FTE's	Hours PPD	Ave Pay Rate	Costs PPD	Total Costs Year 4
NURSING							
Nursing Administration	48.6	17,740.0	8.50	1.0	$ 31.52	$ 22.14	$ 559,137.83
Nurse Clinicians	34.3	12,520.0	6.00	0.7	$ 35.74	$ 17.72	$ 447,421.00
Licensed Practical Nurses	80.1	29,230.0	14.00	1.6	$ 19.67	$ 22.77	$ 575,093.19
Nursing Assistants	217.4	79,340.0	38.00	4.3	$ 15.63	$ 49.11	$ 1,240,337.92
Overtime and Limited Term Employees						$ 2.16	$ 54,671.48
Subtotal, Wages						$ 113.91	$ 2,876,661.42
Fringe Benefits						$ 63.01	$ 1,591,270.37
Subtotal, Personnel Costs						$ 176.92	$ 4,467,931.80
Supplies						$ 9.00	$ 227,388.80
Professional Fees						$ 2.03	$ 51,162.48
Other						$ 1.13	$ 28,423.60
Subtotal, Supplies and Services						$ 12.16	$ 306,974.87
Total Nursing Costs						$ 189.08	$ 4,774,906.67
SOCIAL SERVICES, ADMISSIONS							
Wages	11.4	4,170.0	2.00	0.2	$ 23.38	$ 3.86	$ 97,492.46
Fringe Benefits						$ 2.08	$ 52,490.62
Subtotal, Personnel Costs						$ 5.94	$ 149,983.08
Supplies and Services						$ 0.11	$ 2,842.36
Total Social Services, Admissions Cost						$ 6.05	$ 152,825.44
ACTIVITIES							
Wages	17.2	6,260.0	3.00	0.3	$ 19.42	$ 4.81	$ 121,583.06
Fringe Benefits						$ 2.59	$ 65,461.17
Subtotal, Personnel Costs						$ 7.41	$ 187,044.23
Supplies and Services						$ 1.13	$ 28,423.60
Total Activities Cost						$ 8.53	$ 215,467.83
DIETARY							
Wages	51.5	18,790.0	9.00	1.0	$ 14.95	$ 11.13	$ 280,980.06
Fringe Benefits						$ 5.99	$ 151,281.63
Subtotal, Personnel Costs						$ 17.12	$ 432,261.69
Food						$ 8.02	$ 202,596.21
Supplies and Services						$ 3.15	$ 79,586.08
Subtotal, Supplies and Services						$ 11.17	$ 282,182.28
Total Dietary Costs						$ 28.29	$ 714,443.98
HOUSEKEEPING							
Wages	22.9	8,350.0	4.00	0.4	$ 12.40	$ 4.10	$ 103,515.69
Fringe Benefits						$ 2.21	$ 55,733.57
Subtotal, Personnel Costs						$ 6.31	$ 159,249.26
Supplies and Services						$ 1.13	$ 28,423.60
Total Housekeeping Costs						$ 7.43	$ 187,672.86
LAUNDRY							
Contractual Services						$ 2.81	$ 71,059.00
Supplies and Services						$ 0.90	$ 22,738.88
Total Laundry Costs						$ 3.71	$ 93,797.88
MAINTENANCE, TRANSPORTATION							
Wages	11.4	4,170.0	2.00	0.2	$ 14.91	$ 2.46	$ 62,157.78
Fringe Benefits						$ 1.33	$ 33,466.18
Subtotal, Wages						$ 3.79	$ 95,623.96
Utilities						$ 9.18	$ 231,925.18
Repairs						$ 1.13	$ 28,423.60
Other (transportation)						$ 3.38	$ 85,270.80
Subtotal, Supplies and Services						$ 13.69	$ 345,619.58
Maintenance and Transportation Costs						$ 17.47	$ 441,243.54
ADMINISTRATION							
Wages	34.3	12,520.0	6.00	0.7	$ 27.68	$ 13.72	$ 346,562.03
Fringe Benefits						$ 7.39	$ 186,591.42
Subtotal, Wages						$ 21.11	$ 533,153.45
Central Office Support						$ 7.58	$ 191,350.19
Data Processing/Licensing Fees						$ 2.03	$ 51,162.48
Supplies and Services						$ 3.15	$ 79,586.08
Subtotal, Supplies and Services						$ 12.75	$ 322,098.75
Total Administration						$ 33.87	$ 855,252.20
OTHER COSTS							
Therapies						$ 3.38	$ 85,270.80
Drugs						$ 6.08	$ 153,481.97
Other						$ 1.13	$ 28,423.60
Bed Tax						$ 5.82	$ 146,880.00
Total Other Costs						$ 16.40	$ 414,056.37
PROPERTY COSTS							
Interest Expense						$ 14.72	$ 371,687.39
Depreciation Expense						$ 28.70	$ 724,835.48
Total Property costs						$ 43.42	$ 1,096,522.86
TOTAL EXPENSES						$ 354.25	$ 8,946,189.64

Proposed Wisconsin Veterans Home-Chippewa Falls
Cost Projections by Function

	Year 5						
	Hours Per Day	Paid Hours	FTE's	Hours PPD	Ave Pay Rate	Costs PPD	Total Costs Year 5
NURSING							
Nursing Administration	48.6	17,740.0	8.50	1.0	$ 32.03	$ 22.56	$ 568,193.01
Nurse Clinicians	34.3	12,520.0	6.00	0.7	$ 36.32	$ 18.06	$ 454,779.53
Licensed Practical Nurses	80.1	29,230.0	14.00	1.6	$ 19.99	$ 23.20	$ 584,417.66
Nursing Assistants	217.4	79,340.0	38.00	4.3	$ 15.89	$ 50.05	$ 1,260,479.89
Overtime and Limited Term Employees						$ 2.21	$ 55,612.55
Subtotal, Wages						$ 116.08	$ 2,923,482.64
Fringe Benefits						$ 64.21	$ 1,617,168.69
Subtotal, Personnel Costs						$ 180.29	$ 4,540,651.33
Supplies						$ 9.27	$ 233,570.54
Professional Fees						$ 2.09	$ 52,553.37
Other						$ 1.16	$ 29,196.32
Subtotal, Supplies and Services						$ 12.52	$ 315,320.23
Total Nursing Costs						$ 192.81	$ 4,855,971.56
SOCIAL SERVICES, ADMISSIONS							
Wages	11.4	4,170.0	2.00	0.2	$ 23.76	$ 3.93	$ 99,061.30
Fringe Benefits						$ 2.12	$ 53,335.30
Subtotal, Personnel Costs						$ 6.05	$ 152,396.60
Supplies and Services						$ 0.12	$ 2,919.63
Total Social Services, Admissions Cost						$ 6.17	$ 155,316.23
ACTIVITIES							
Wages	17.2	6,260.0	3.00	0.3	$ 19.73	$ 4.91	$ 123,539.58
Fringe Benefits						$ 2.64	$ 66,514.57
Subtotal, Personnel Costs						$ 7.55	$ 190,054.15
Supplies and Services						$ 1.16	$ 29,196.32
Total Activities Cost						$ 8.71	$ 219,250.47
DIETARY							
Wages	51.5	18,790.0	9.00	1.0	$ 15.20	$ 11.34	$ 285,524.30
Fringe Benefits						$ 6.10	$ 153,728.28
Subtotal, Personnel Costs						$ 17.44	$ 439,252.58
Food						$ 8.42	$ 212,144.80
Supplies and Services						$ 3.25	$ 81,749.69
Subtotal, Supplies and Services						$ 11.67	$ 293,894.49
Total Dietary Costs						$ 29.11	$ 733,147.07
HOUSEKEEPING							
Wages	22.9	8,350.0	4.00	0.4	$ 12.60	$ 4.18	$ 105,181.45
Fringe Benefits						$ 2.25	$ 56,630.43
Subtotal, Personnel Costs						$ 6.42	$ 161,811.88
Supplies and Services						$ 1.16	$ 29,196.32
Total Housekeeping Costs						$ 7.58	$ 191,008.20
LAUNDRY							
Contractual Services						$ 2.90	$ 72,990.79
Supplies and Services						$ 0.93	$ 23,357.05
Total Laundry Costs						$ 3.83	$ 96,347.85
MAINTENANCE, TRANSPORTATION							
Wages	11.4	4,170.0	2.00	0.2	$ 15.15	$ 2.51	$ 63,158.01
Fringe Benefits						$ 1.35	$ 34,004.71
Subtotal, Wages						$ 3.86	$ 97,162.72
Utilities						$ 9.63	$ 242,499.42
Repairs						$ 1.16	$ 29,196.32
Other (transportation)						$ 3.48	$ 87,588.95
Subtotal, Supplies and Services						$ 14.27	$ 359,284.69
Maintenance and Transportation Costs						$ 18.12	$ 456,447.42
ADMINISTRATION							
Wages	34.3	12,520.0	6.00	0.7	$ 28.13	$ 13.98	$ 352,138.88
Fringe Benefits						$ 7.53	$ 189,594.04
Subtotal, Wages						$ 21.51	$ 541,732.92
Central Office Support						$ 7.73	$ 176,295.00
Data Processing/Licensing Fees						$ 2.09	$ 52,553.37
Supplies and Services						$ 3.25	$ 81,749.69
Subtotal, Supplies and Services						$ 12.33	$ 310,598.06
Total Administration						$ 33.84	$ 852,330.98
OTHER COSTS							
Therapies						$ 3.48	$ 87,588.95
Drugs						$ 6.38	$ 160,715.76
Other						$ 1.16	$ 29,196.32
Bed Tax						$ 5.83	$ 146,880.00
Total Other Costs						$ 16.85	$ 424,381.03
PROPERTY COSTS							
Interest Expense						$ 14.08	$ 354,607.41
Depreciation Expense						$ 28.78	$ 724,835.48
Total Property costs						$ 42.86	$ 1,079,442.89
TOTAL EXPENSES						$ 359.88	$ 9,063,643.68

Chippewa Falls Veterans Home
Revenue Projections

Year 1	2012						2013							
Forecast	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	June	Total	% Total
Census days	240	676	960	1,236	1,440	1,732	1,980	1,918	2,139	2,070	2,139	2,070	18,600	
Private Pay Veteran days	126	354	503	514	531	446	521	508	615	582	641	636	5,977	32.1%
Private Pay Non-Veteran days	0	0	0	0	0	0	0	0	74	176	182	177	609	3.3%
Medicaid Veteran days	114	322	457	722	909	1,088	1,260	1,217	1,201	1,031	1,036	1,069	10,426	56.1%
Medicaid Non-Veteran days	0	0	0	0	0	0	0	0	84	132	122	133	471	2.5%
Medicare Veteran days	0	0	0	0	0	198	199	193	165	148	158	56	1,117	6.0%
Medicare Non-Veteran days	0	0	0	0	0	0	0	0	0	0	0	0	0	0.0%
Revenue														
Private Pay revenue	$ 38,430.00	$ 107,970.00	$ 115,027.30	$ 117,542.81	$ 121,430.41	$ 101,992.40	$ 119,143.58	$ 116,170.71	$ 163,209.74	$ 186,773.22	$ 202,095.48	$ 199,427.07	$ 1,589,212.70	26.1%
Medicaid revenue	30,676.59	86,647.90	122,975.44	194,285.05	244,605.42	292,773.04	339,057.02	327,486.02	345,784.34	312,955.01	311,609.54	323,449.63	$ 2,932,305.02	48.1%
Medicare revenue	-	-	-	-	-	69,300.00	69,650.00	67,550.00	57,750.00	51,800.00	55,300.00	19,600.00	$ 390,950.00	6.4%
Fed VA per diem	-	-	73,264.80	94,328.43	109,897.20	117,071.05	135,921.47	131,647.69	138,592.58	123,100.13	127,984.45	130,121.34	$ 1,181,929.12	19.4%
TOTAL REVENUE	$ 69,106.59	$ 194,617.90	$ 311,267.54	$ 406,156.29	$ 475,933.03	$ 581,136.48	$ 663,772.07	$ 642,854.42	$ 705,336.66	$ 674,628.35	$ 696,989.47	$ 672,598.04	$ 6,094,396.84	100.00%

Year 2	2013						2014							
Forecast	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	June	Total	% Total
Census days	2,139	2,139	2,070	2,139	2,070	2,139	2,139	1,932	2,139	2,070	2,139	2,070	25,185	
Private Pay Veteran days	645	674	676	648	646	598	628	595	727	725	803	775	8,140	32.3%
Private Pay Non-Veteran days	215	117	98	56	57	74	64	46	54	67	71	101	1,020	4.1%
Medicaid Veteran days	1,079	1,065	914	1,015	965	978	963	820	928	833	889	887	11,336	45.0%
Medicaid Non-Veteran days	89	117	112	138	226	250	220	183	177	147	150	123	1,932	7.7%
Medicare Veteran days	111	167	270	281	176	239	263	288	249	274	178	146	2,642	10.5%
Medicare Non-Veteran days	0	0	0	0	0	0	0	0	3	25	48	37	113	0.4%
Revenue														
Private Pay revenue	215,823.20	192,042.54	186,595.43	167,067.03	166,916.14	161,117.88	164,936.17	151,717.05	184,689.52	188,270.63	207,528.18	210,391.78	$2,197,095.55	26.1%
Medicaid revenue	323,417.71	327,294.29	284,098.09	319,264.23	329,786.38	340,031.63	327,571.19	277,729.42	305,973.09	271,360.75	287,697.77	279,667.71	$3,673,892.24	43.6%
Medicare revenue	40,054.35	60,261.95	97,429.50	101,398.85	63,509.60	86,243.15	94,903.55	103,924.80	90,934.20	107,894.15	81,552.10	66,035.55	$994,141.75	11.8%
Fed VA per diem	138,018.37	139,219.22	127,290.72	133,134.89	128,971.92	126,169.92	127,370.78	113,280.74	132,494.43	124,728.90	135,456.54	133,054.83	$1,559,191.25	18.5%
TOTAL REVENUE	$ 717,313.62	$ 718,818.01	$ 695,413.74	$ 720,864.99	$ 689,184.04	$ 713,562.58	$ 714,781.68	$ 646,652.01	$ 714,091.24	$ 692,254.43	$ 712,234.60	$ 689,149.87	$ 8,424,320.79	100.00%

Year 3	2014						2015							
Forecast	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	June	Total	Total
Census days	2,139	2,139	2,070	2,139	2,070	2,139	2,139	1,932	2,139	2,070	2,139	2,070	25,185	
Private Pay Veteran days	766	782	749	732	735	864	813	737	772	724	666	609	8,949	35.5%
Private Pay Non-Veteran days	114	106	99	92	71	59	66	54	76	70	73	69	949	3.8%
Medicaid Veteran days	905	880	822	885	847	886	900	740	862	848	964	1,003	10,542	41.9%
Medicaid Non-Veteran days	120	135	145	144	159	183	184	177	171	159	163	165	1,905	7.6%
Medicare Veteran days	194	208	229	252	239	132	176	224	253	256	237	188	2,588	10.3%
Medicare Non-Veteran days	40	29	27	35	18	14	0	0	6	13	36	35	253	1.0%
Revenue														
Private Pay revenue	214,631.43	215,823.75	205,915.09	199,734.75	193,776.81	220,032.41	210,367.38	188,853.85	203,983.55	190,896.59	178,332.42	163,782.27	$2,386,130.29	27.6%
Medicaid revenue	292,619.65	289,764.82	276,051.66	293,761.58	287,195.48	305,180.88	309,463.12	261,787.53	294,903.51	287,480.96	321,738.87	333,443.66	$3,553,401.70	41.2%
Medicare revenue	87,056.51	88,172.61	95,241.31	106,774.43	95,613.34	54,317.31	65,478.40	83,336.14	96,357.41	100,077.78	101,565.92	82,964.11	$1,056,955.27	12.2%
Fed VA per diem	140,330.33	139,574.52	131,932.35	135,795.42	132,856.13	146,964.74	143,857.49	124,038.24	137,223.08	132,016.33	136,887.16	135,375.52	$1,636,851.32	19.0%
TOTAL REVENUE	$ 734,637.92	$ 733,335.71	$ 709,150.40	$ 736,066.18	$ 709,441.76	$ 726,495.34	$ 729,166.38	$ 658,015.76	$ 732,467.56	$ 710,471.65	$ 738,524.37	$ 715,565.55	$ 8,633,338.58	100.00%

Chippewa Falls Veterans Home
Revenue Projections

Year 4 Forecast	2015						2016							
	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	June	Total	Total
Census days	2,139	2,139	2,070	2,139	2,070	2,139	2,139	2,001	2,139	2,070	2,139	2,070	25,254	
Private Pay Veteran days	749	749	725	749	725	749	749	700	749	725	749	725	8,843	35.0%
Private Pay Non-Veteran days	64	64	62	64	62	64	64	60	64	62	64	62	756	3.0%
Medicaid Veteran days	963	963	932	963	932	963	963	900	963	932	963	932	11,369	45.0%
Medicaid Non-Veteran days	150	150	145	150	145	150	150	140	150	145	150	145	1,770	7.0%
Medicare Veteran days	171	171	166	171	166	171	171	160	171	166	171	166	2,021	8.0%
Medicare Non-Veteran days	43	43	41	43	41	43	43	40	43	41	43	41	505	2.0%
Revenue														
Private Pay revenue	199,054.95	199,054.95	192,693.22	199,054.95	192,693.22	199,054.95	199,054.95	186,093.59	199,054.95	192,693.22	199,054.95	192,693.22	$2,350,251.10	26.2%
Medicaid revenue	327,592.12	327,592.12	316,996.15	327,592.12	316,996.15	327,592.12	327,592.12	306,105.84	327,592.12	316,996.15	327,592.12	316,996.15	$3,867,235.27	43.1%
Medicare revenue	82,083.87	82,083.87	79,398.88	82,083.87	79,398.88	82,083.87	82,083.87	76,713.90	82,083.87	79,398.88	82,083.87	79,398.88	$968,896.50	10.8%
Fed VA per diem	150,818.41	150,818.41	145,973.19	150,818.41	145,973.19	150,818.41	150,818.41	140,951.79	150,818.41	145,973.19	150,818.41	145,973.19	$1,780,573.43	19.9%
TOTAL REVENUE	$ 759,549.34	$ 759,549.34	$ 735,061.44	$ 759,549.34	$ 735,061.44	$ 759,549.34	$ 759,549.34	$ 709,865.12	$ 759,549.34	$ 735,061.44	$ 759,549.34	$ 735,061.44	$ 8,966,956.30	100.00%

Year 5 Forecast	2016						2017							
	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	June	Total	Total
Census days	2,139	2,139	2,070	2,139	2,070	2,139	2,139	1,932	2,139	2,070	2,139	2,070	25,185	
Private Pay Veteran days	749	749	725	749	725	749	749	676	749	725	749	725	8,819	35.0%
Private Pay Non-Veteran days	64	64	62	64	62	64	64	58	64	62	64	62	754	3.0%
Medicaid Veteran days	963	963	932	963	932	963	963	869	963	932	963	932	11,338	45.0%
Medicaid Non-Veteran days	150	150	145	150	145	150	150	135	150	145	150	145	1,765	7.0%
Medicare Veteran days	171	171	166	171	166	171	171	155	171	166	171	166	2,016	8.0%
Medicare Non-Veteran days	43	43	41	43	41	43	43	39	43	41	43	41	504	2.0%
Revenue														
Private Pay revenue	$ 199,886.78	$ 199,886.78	$ 193,498.65	$ 199,886.78	$ 193,498.65	$ 199,886.78	$ 199,886.78	$ 180,483.82	$ 199,886.78	$ 193,498.65	$ 199,886.78	$ 193,498.65	$ 2,353,685.85	25.6%
Medicaid revenue	337,747.48	337,747.48	326,823.03	337,747.48	326,823.03	337,747.48	337,747.48	304,670.68	337,747.48	326,823.03	337,747.48	326,823.03	$ 3,976,195.12	43.3%
Medicare revenue	84,628.47	84,628.47	81,860.25	84,628.47	81,860.25	84,628.47	84,628.47	76,719.27	84,628.47	81,860.25	84,628.47	81,860.25	$ 996,559.53	10.8%
Fed VA per diem	158,208.51	158,208.51	153,125.88	158,208.51	153,125.88	158,208.51	158,208.51	142,775.79	158,208.51	153,125.88	158,208.51	153,125.88	$ 1,862,738.90	20.3%
TOTAL REVENUE	$ 780,471.23	$ 780,471.23	$ 755,307.81	$ 780,471.23	$ 755,307.81	$ 780,471.23	$ 780,471.23	$ 704,649.55	$ 780,471.23	$ 755,307.81	$ 780,471.23	$ 755,307.81	$ 9,189,179.40	100.00%

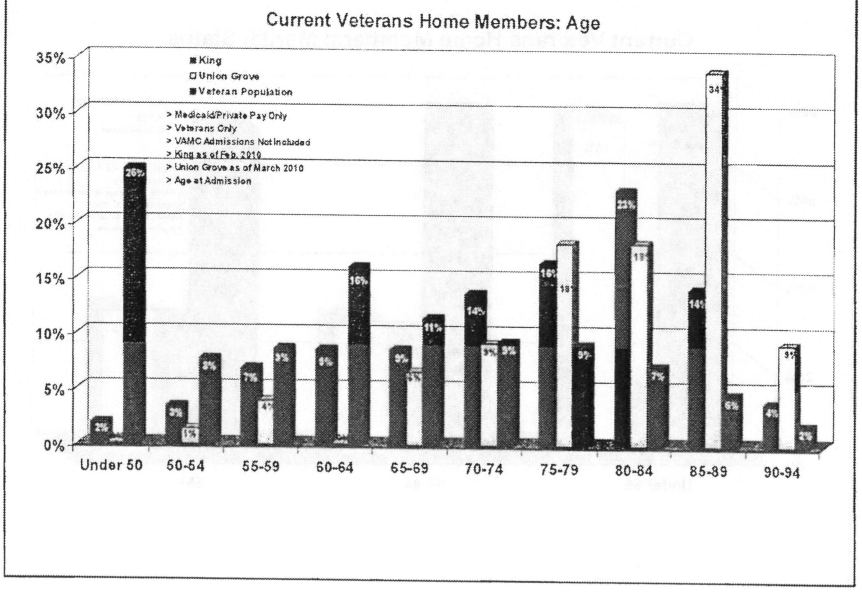
Skilled Nursing Demand Analysis for Wisconsin's Veterans Homes

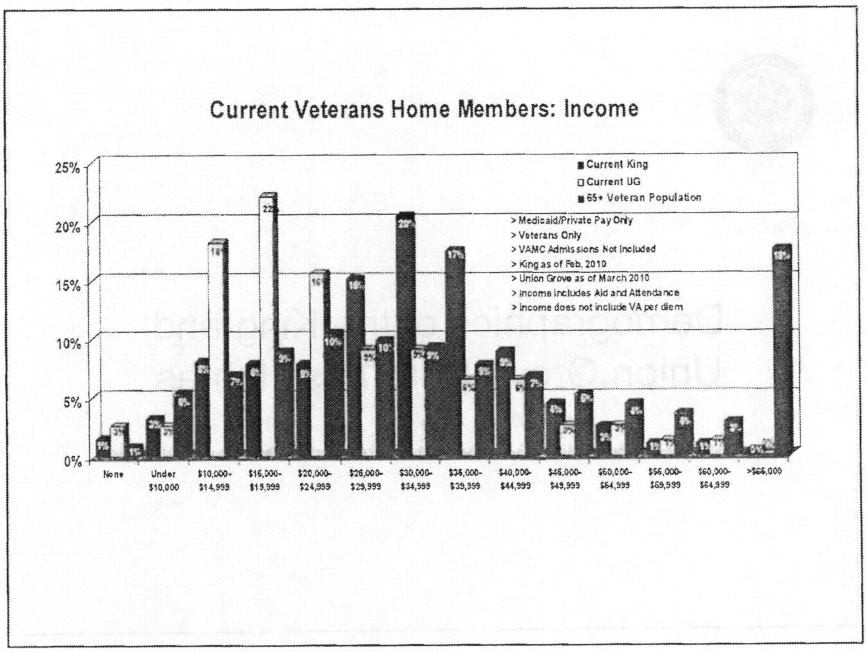
Prepared by the Office of Policy, Planning and Budget
Presented to the Board of Veterans Affairs
December 10, 2010

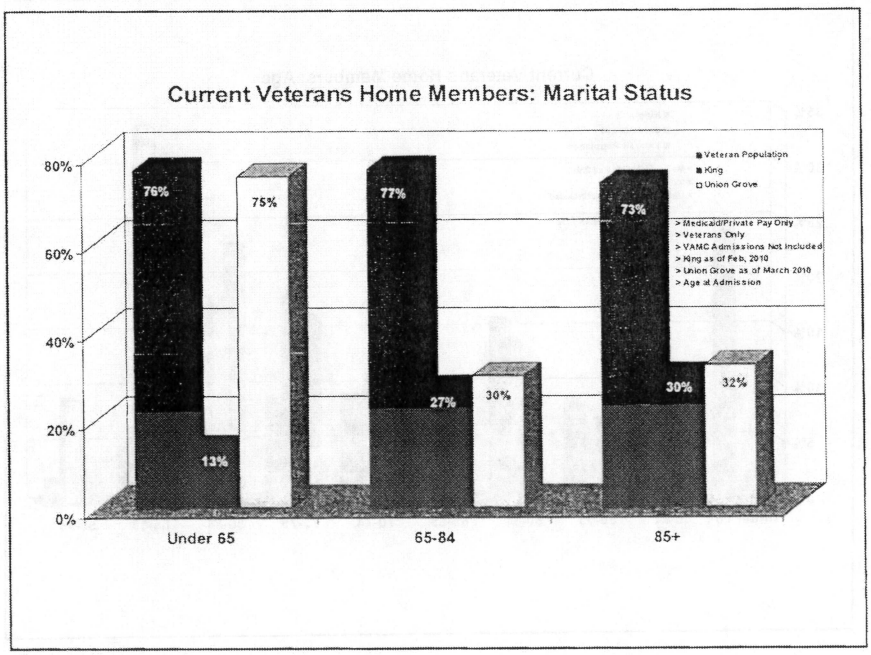
Demand Briefing for Wisconsin's Veterans Homes

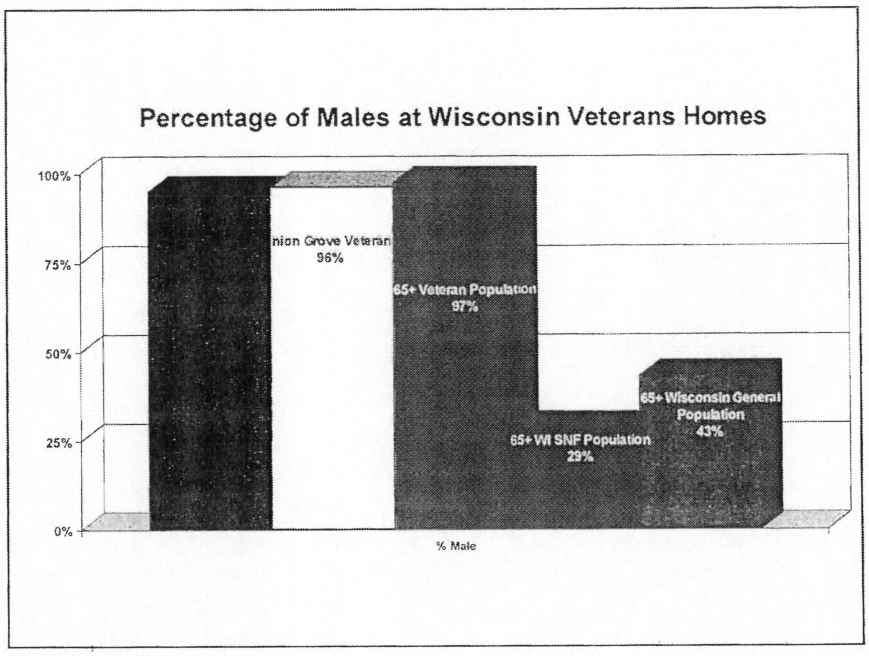
- Demographics of the King and Union Grove Veterans Homes
- Population Trends
- Demand Analysis for King
- Demand Analysis for Union Grove
- Demand Analysis for Chippewa Falls
- Conclusions

Demographics of the King and Union Grove Veterans Homes




Current Veterans Home Members: Income
25%
20%
15%
10%
5%
0%
Current King
Current UG
65+ Veteran Population
> Medicaid/Private Pay Only
> Veterans Only
> VAMC Admissions Not Included
> King as of Feb, 2010
> Union Grove as of March 2010
> Income includes Aid and Attendance
> Income does not include VA per diem
None
Under $10,000
$10,000-$14,999
$15,000-$19,999
$20,000-$24,999
$25,000-$29,999
$30,000-$34,999
$35,000-$39,999
$40,000-$44,999
$45,000-$49,999
$50,000-$54,999
$55,000-$59,999
$60,000-$64,999
>$65,000


Current Veterans Home Members: Marital Status
80%
60%
40%
20%
0%
Veteran Population
King
Union Grove
> Medicaid/Private Pay Only
> Veterans Only
> VAMC Admissions Not Included
> King as of Feb, 2010
> Union Grove as of March 2010
> Age at Admission
76%
13%
75%
77%
27%
36%
73%
30%
32%
Under 65
65-84
85+

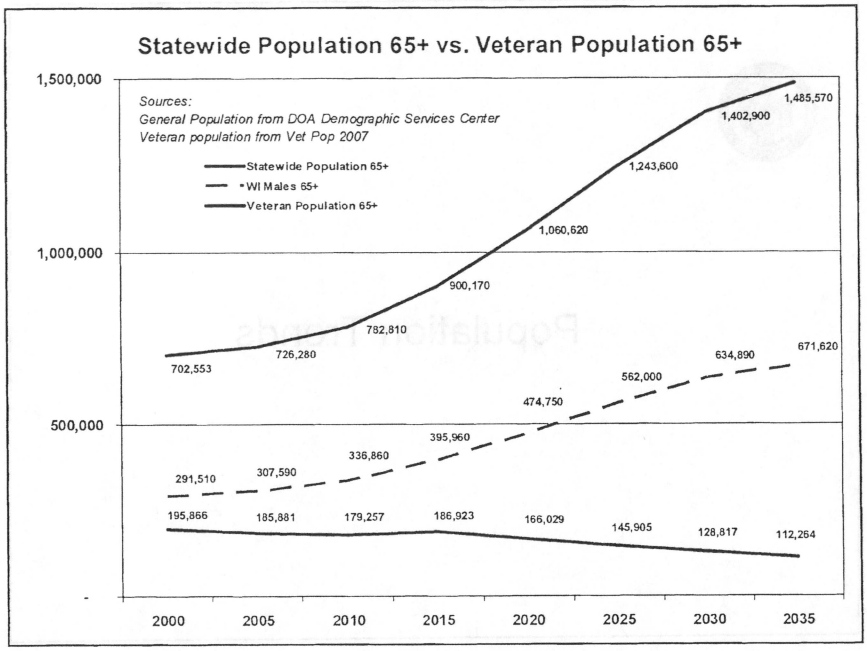


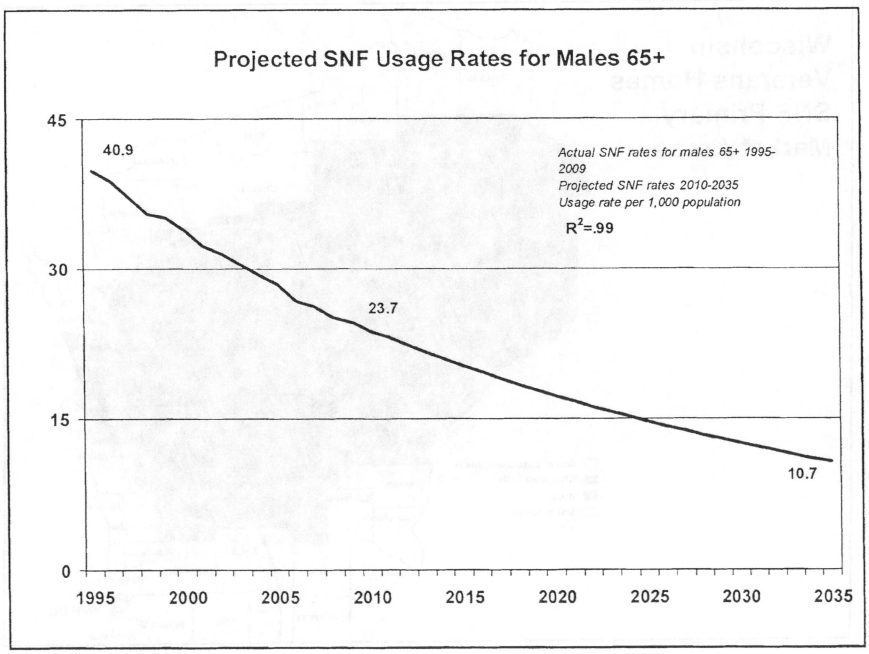
Summary of Demographics

- Age:
  - Predominately over age 65
  - Higher proportion of members over age 85 at UG Home than at King Home
- Income:
  - Most veterans have incomes less than $40,000
  - Greater proportion of veterans with incomes under $25,000 at UG Home than at King Home
- Marital Status: Primarily single veterans
- Gender: Primarily male

Population Trends

Wisconsin Veterans Homes SNF Primary Market Areas


Statewide Population 65+ vs. Veteran Population 65+
1,500,000
1,000,000
500,000
-
Sources:
General Population from DOA Demographic Services Center
Veteran population from Vet Pop 2007
Statewide Population 65+
WI Males 65+
Veteran Population 65+
702,553
726,280
782,810
900,170
1,060,620
1,243,600
1,402,900
1,485,570
291,510
307,590
336,860
395,960
474,750
562,000
634,890
671,620
195,866
185,881
179,257
186,923
166,029
145,905
128,817
112,264
2000
2005
2010
2015
2020
2025
2030
2035


Projected SNF Usage Rates for Males 65+
45
30
15
0
40.9
23.7
10.7
Actual SNF rates for males 65+ 1995-2009
Projected SNF rates 2010-2035
Usage rate per 1,000 population
R²=.99
1995
2000
2005
2010
2015
2020
2025
2030
2035

Summary of Population Trends

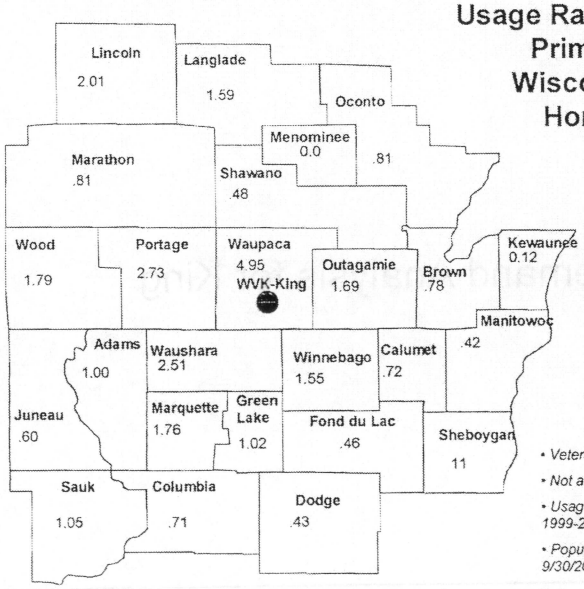
- Over 65 population will increase through 2035
- SNF usage rates have declined for the last 15 years and are likely to continue to decline in the future
- Over 65 veteran population will decline through 2035

Demand Analysis for King

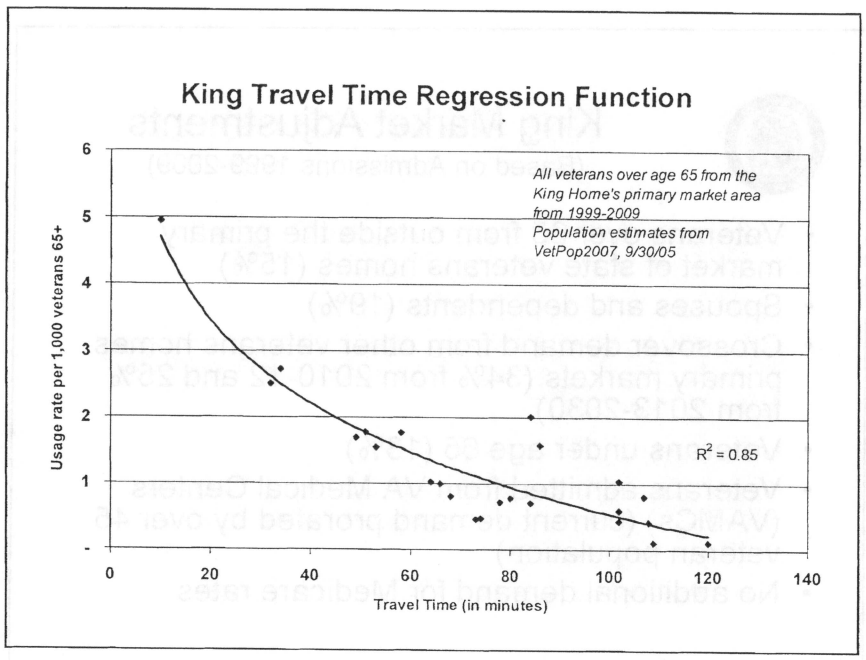
Components of the Demand Model

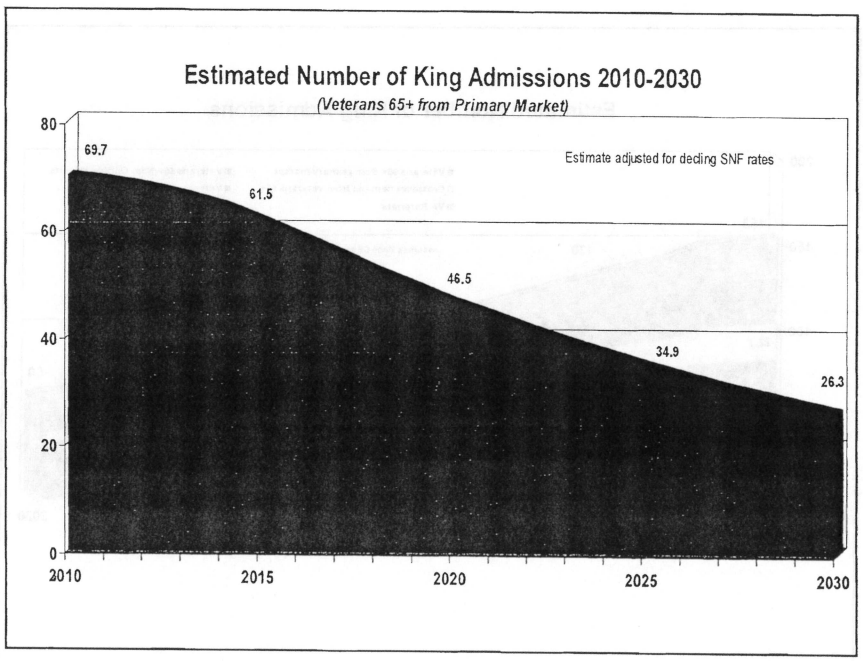
- Regression function that estimates demand for veterans age 65+ in the primary market area based on distance from the Home
- Population estimates from VetPop 2007
- Multiplicative market adjustments for veterans under 65, demand outside the primary market, and dependents
- Veterans admitted from VA Medical Centers
- Attrition model based on age at admission and longevity at the Home
- Demand adjusted for declining (male) SNF usage rates

Usage Rates in the King Primary Market for Wisconsin Veterans Homes 1999-2009



- *Veterans Over Age 65*
- *Not admitted from a VA hospital*
- *Usage based on all admissions from 1999-2009*
- *Population estimates from VetPop 2007 9/30/2005*


King Travel Time Regression Function
All veterans over age 65 from the King Home's primary market area from 1999-2009
Population estimates from VetPop2007, 9/30/05
R^2 = 0.85
Usage rate per 1,000 veterans 65+
Travel Time (in minutes)
6
5
4
3
2
1
-
0
20
40
60
80
100
120
140

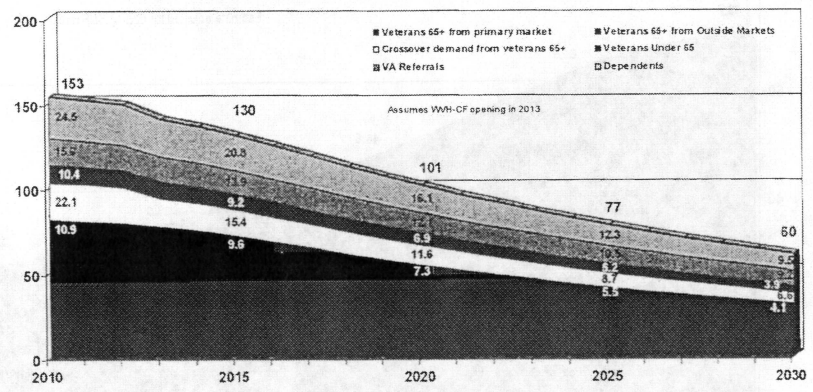

Estimated Number of King Admissions 2010-2030
(Veterans 65+ from Primary Market)
Estimate adjusted for declining SNF rates
69.7
61.5
46.5
34.9
26.3
80
60
40
20
0
2010
2015
2020
2025
2030

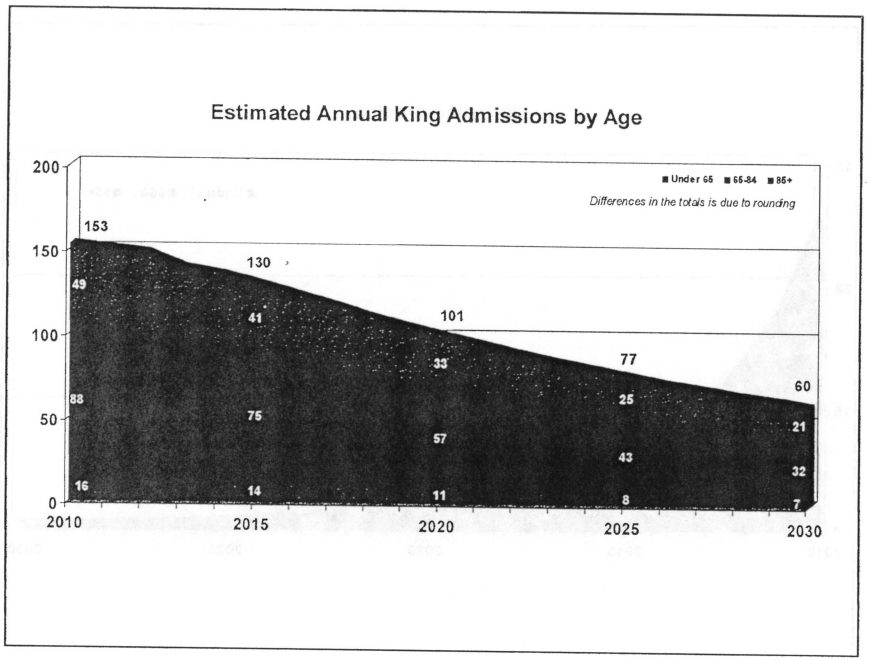
King Market Adjustments

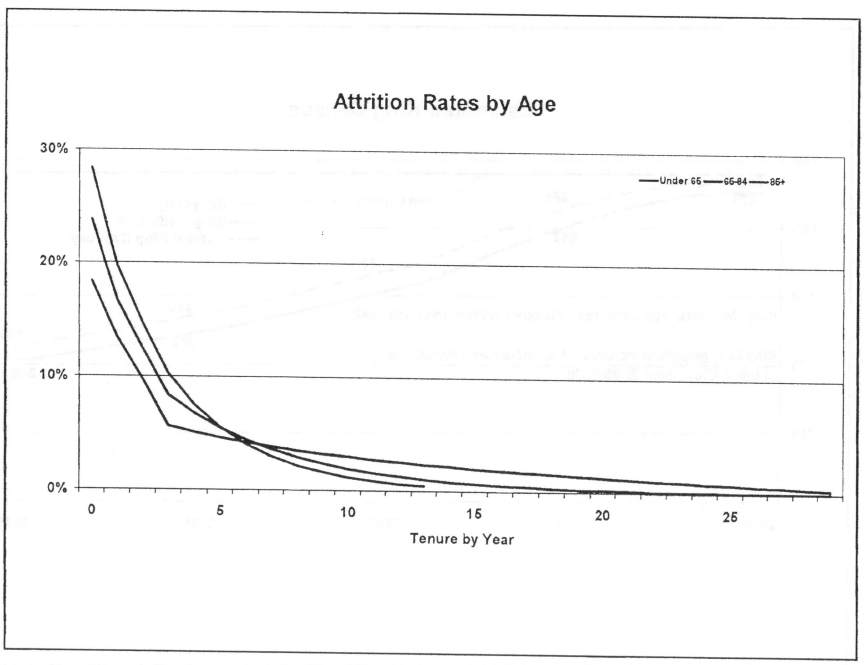
(Based on Admissions 1999-2009)

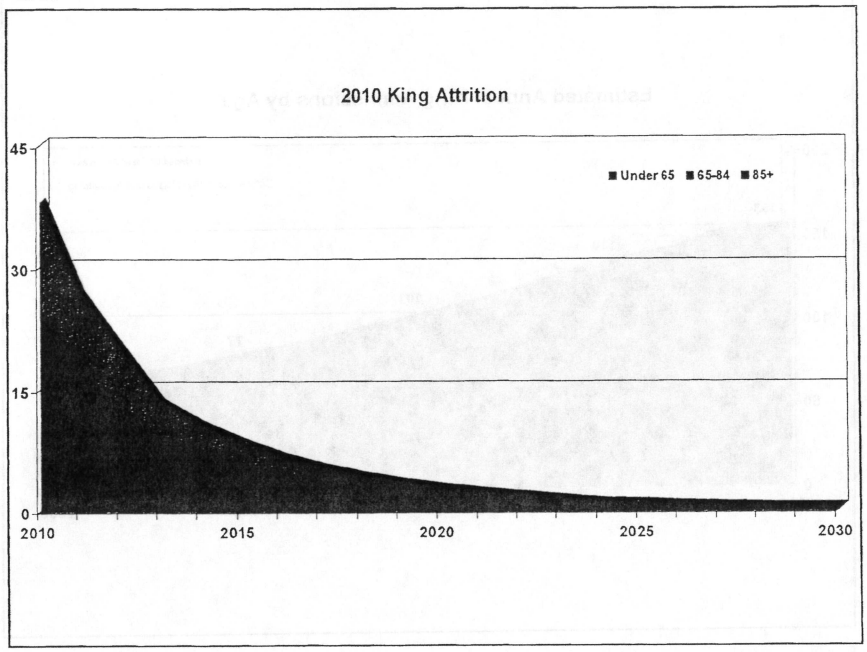
- Veterans over 65 from outside the primary market of state veterans homes (15%)
- Spouses and dependents (19%)
- Crossover demand from other veterans homes primary markets (34% from 2010-12 and 25% from 2013-2030)
- Veterans under age 65 (13%)
- Veterans admitted from VA Medical Centers (VAMCs) (current demand prorated by over 45 veteran population)
- No additional demand for Medicare rates

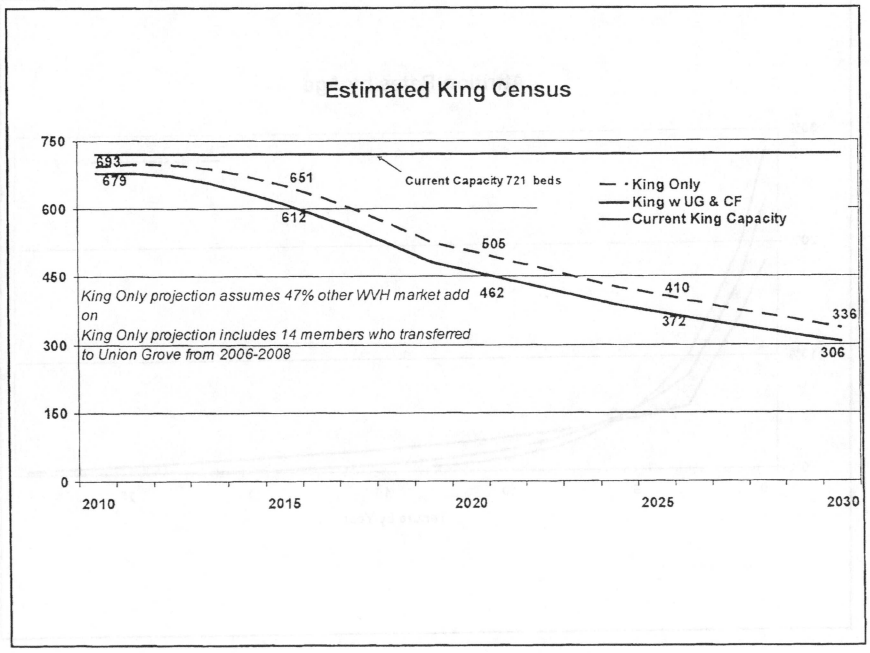
Estimated Number of King Admissions

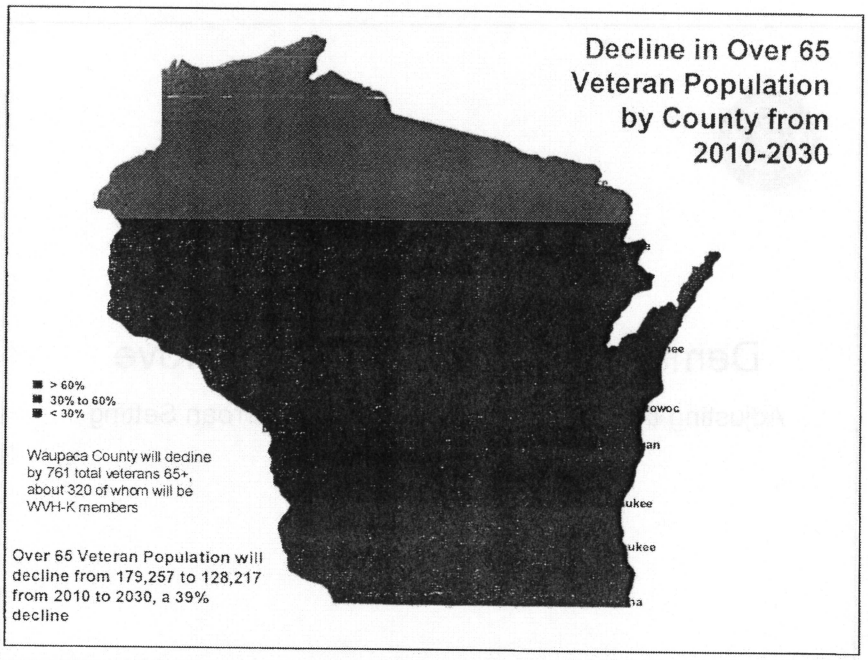



Estimated Annual King Admissions by Age
Under 65
65-84
85+
Differences in the totals is due to rounding
200
150
100
50
0
153
49
88
16
130
41
75
14
101
33
57
11
77
25
43
8
60
21
32
7
2010
2015
2020
2025
2030


Attrition Rates by Age
Under 65
65-84
85+
30%
20%
10%
0%
0
5
10
15
20
25
Tenure by Year


2010 King Attrition
Under 65
65-84
85+
45
30
15
0
2010
2015
2020
2025
2030


Estimated King Census
750
600
450
300
150
0
693
679
651
612
505
462
410
372
336
306
Current Capacity 721 beds
King Only
King w UG & CF
Current King Capacity
King Only projection assumes 47% other WVH market add on
King Only projection includes 14 members who transferred to Union Grove from 2006-2008
2010
2015
2020
2025
2030



Summary of King Demand Analysis

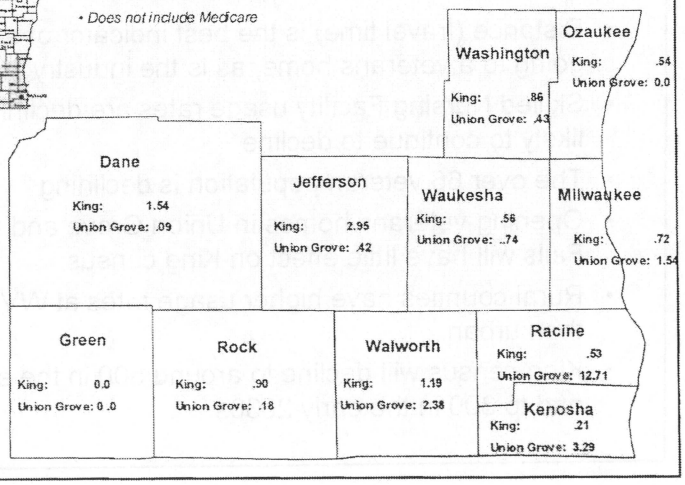
- Distance (travel time) is the best indicator of a veteran going to a veterans home, as is the industry standard
- Skilled Nursing Facility usage rates are declining and are likely to continue to decline
- The over 65 veteran population is declining
- Opening veterans homes in Union Grove and Chippewa Falls will have little effect on King census
- Rural counties have higher usage rates at WVH-King than urban
- King census will decline to around 500 in the early 2020s and to 300 in the early 2030s

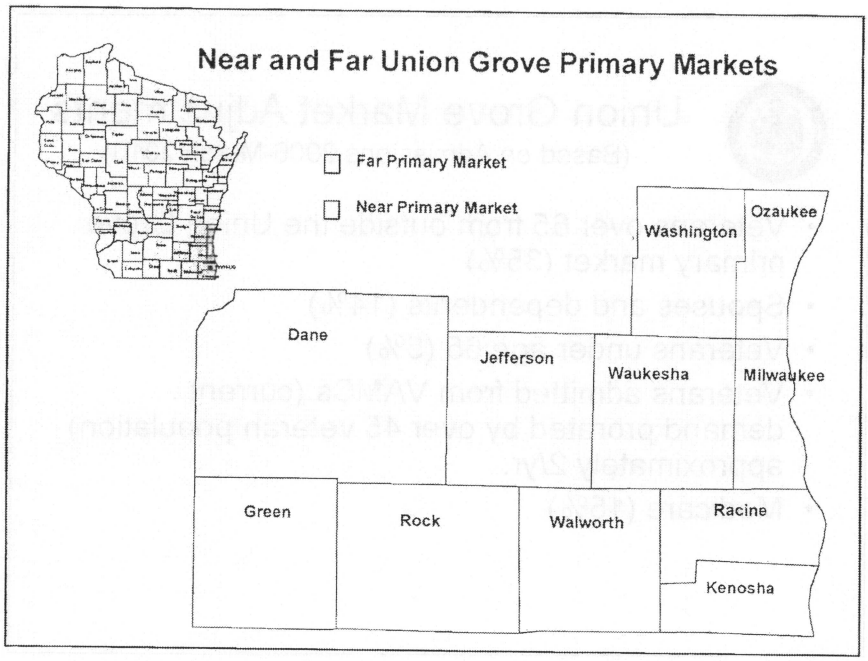
Demand Analysis for Union Grove

Adjusting the King Demand Model for an Urban Setting

By County Usage Rates in the Union Grove Primary Market

- *Veterans Over Age 65*
- *Not admitted from a VA hospital*
- *Does not include Medicare*





Urban Model Adjustments

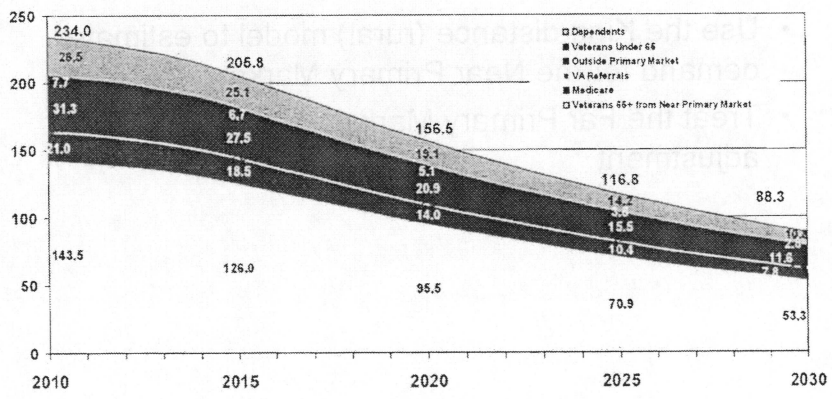
- Use the King distance (rural) model to estimate demand for the Near Primary Market
- Treat the Far Primary Market as a 58% market adjustment

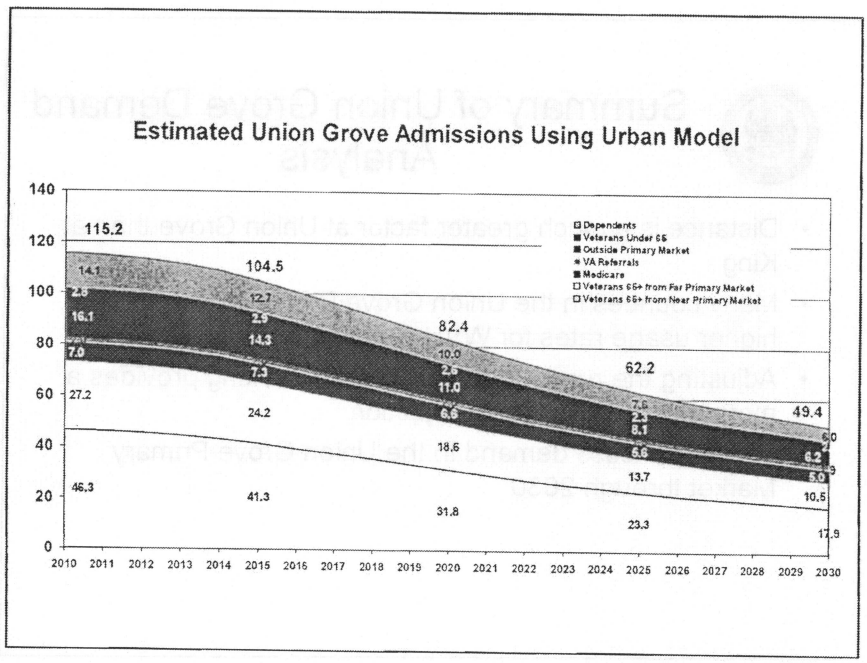
Union Grove Market Adjustments

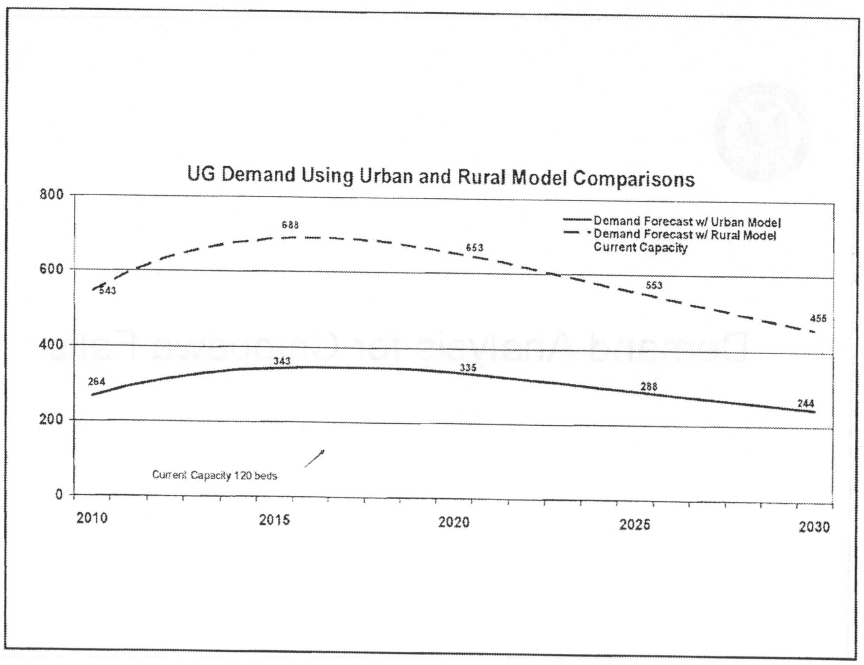
(Based on Admissions 2006-March 2010)

- Veterans over 65 from outside the Union Grove primary market (35%)
- Spouses and dependents (14%)
- Veterans under age 65 (5%)
- Veterans admitted from VAMCs (current demand prorated by over 45 veteran population) approximately 2/yr.
- Medicare (15%)

Estimated Union Grove Admissions Using Rural Model



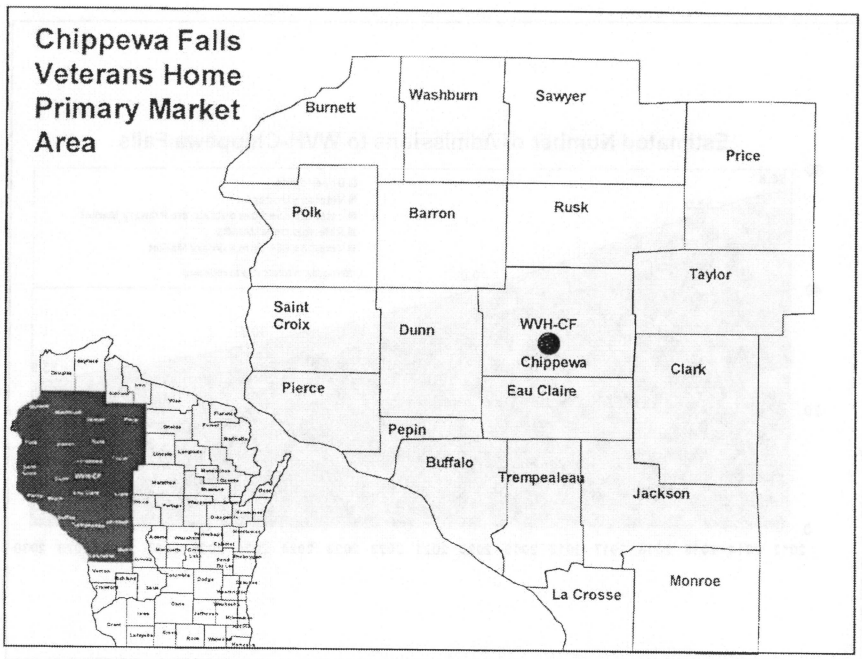

Estimated Union Grove Admissions Using Urban Model
Dependents
Veterans Under 65
Outside Primary Market
VA Referrals
Medicare
Veterans 65+ from Far Primary Market
Veterans 65+ from Near Primary Market
115.2
104.5
82.4
62.2
49.4
14.1
16.1
7.0
27.2
46.3
12.7
2.9
14.3
7.3
24.2
41.3
10.0
2.6
11.0
6.6
18.6
31.8
7.6
2.3
8.1
5.6
13.7
23.3
6.0
6.2
5.0
10.5
17.9
140
120
100
80
60
40
20
0
2010 2011 2012 2013 2014 2015 2016 2017 2018 2019 2020 2021 2022 2023 2024 2025 2026 2027 2028 2029 2030


UG Demand Using Urban and Rural Model Comparisons
Demand Forecast w/ Urban Model
Demand Forecast w/ Rural Model
Current Capacity
543
688
653
553
455
264
343
335
288
244
Current Capacity 120 beds
800
600
400
200
0
2010
2015
2020
2025
2030

Summary of Union Grove Demand Analysis

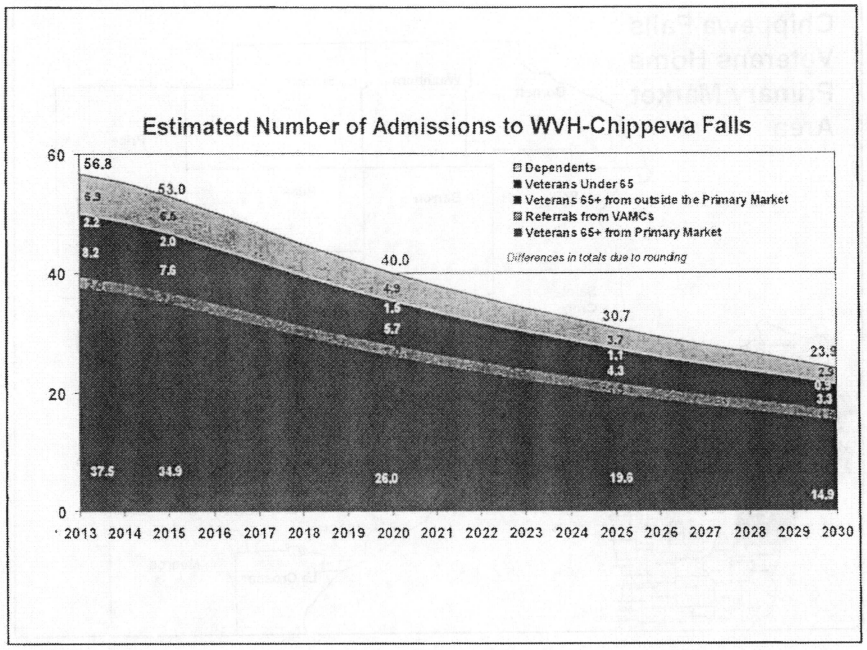
- Distance is a much greater factor at Union Grove than at King
- Many counties in the Union Grove Primary Market have higher usage rates for WVH-K than WVH-UG
- Adjusting the rural model for an urban setting provides a more accurate demand projection
- There is excess demand in the Union Grove Primary Market through 2030

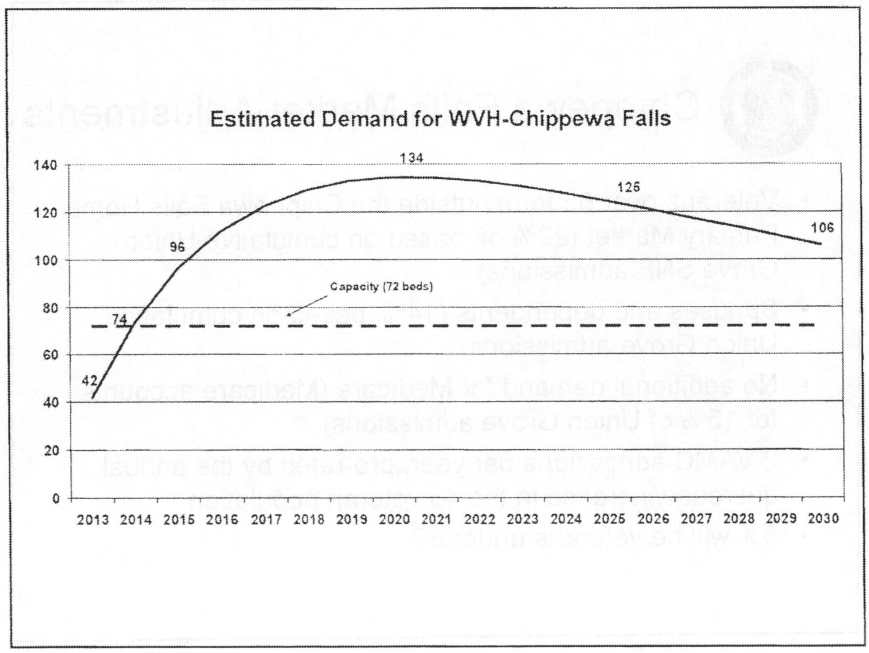
Demand Analysis for Chippewa Falls



Chippewa Falls Market Adjustments

- Veterans over 65 from outside the Chippewa Falls Home Primary Market (22% of based on cumulative Union Grove SNF admissions)
- Spouses and dependents (14%, based on cumulative Union Grove admissions)
- No additional demand for Medicare (Medicare accounts for 15% of Union Grove admissions)
- 2 VAMC admissions per year, pro-rated by the annual decrease/increase in the 45 veteran population
- 5% will be veterans under 65

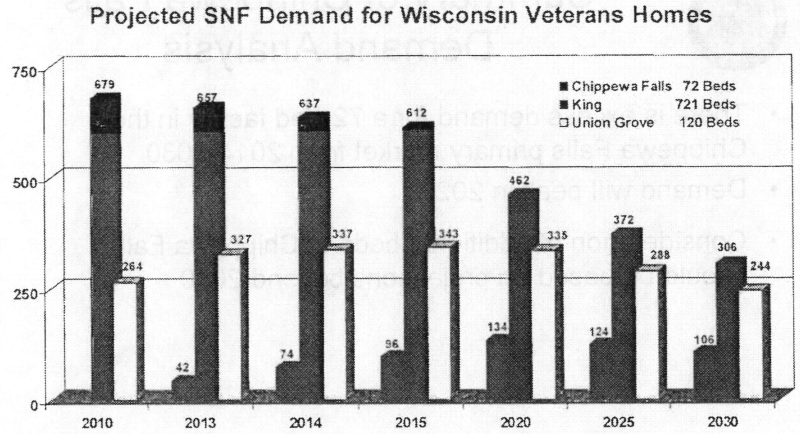

Estimated Number of Admissions to WVH-Chippewa Falls
Dependents
Veterans Under 65
Veterans 65+ from outside the Primary Market
Referrals from VAMCs
Veterans 65+ from Primary Market
Differences in totals due to rounding
60
40
20
0
56.8
53.0
40.0
30.7
23.9
37.5
34.9
26.0
19.6
14.9
2013 2014 2015 2016 2017 2018 2019 2020 2021 2022 2023 2024 2025 2026 2027 2028 2029 2030


Estimated Demand for WVH-Chippewa Falls
140
120
100
80
60
40
20
0
134
125
106
96
74
42
Capacity (72 beds)
2013 2014 2015 2016 2017 2018 2019 2020 2021 2022 2023 2024 2025 2026 2027 2028 2029 2030

Summary of Chippewa Falls Demand Analysis

- There is excess demand for a 72-bed facility in the Chippewa Falls primary market from 2014-2030
- Demand will peak in 2020
- Consideration of additional beds at Chippewa Falls should be based on projections beyond 2030

Conclusions



Conclusions

- Usage rates at state veterans homes declines with distance
- A declining state veteran population and reduced skilled nursing facility usage rates will cause the census at King to be reduced to half of the current level by 2030
- There is excess demand in the Union Grove market
- There will be excess demand in the Chippewa Falls market beginning in 2014

End of Presentation

Questions?

End of Presentation

Questions?