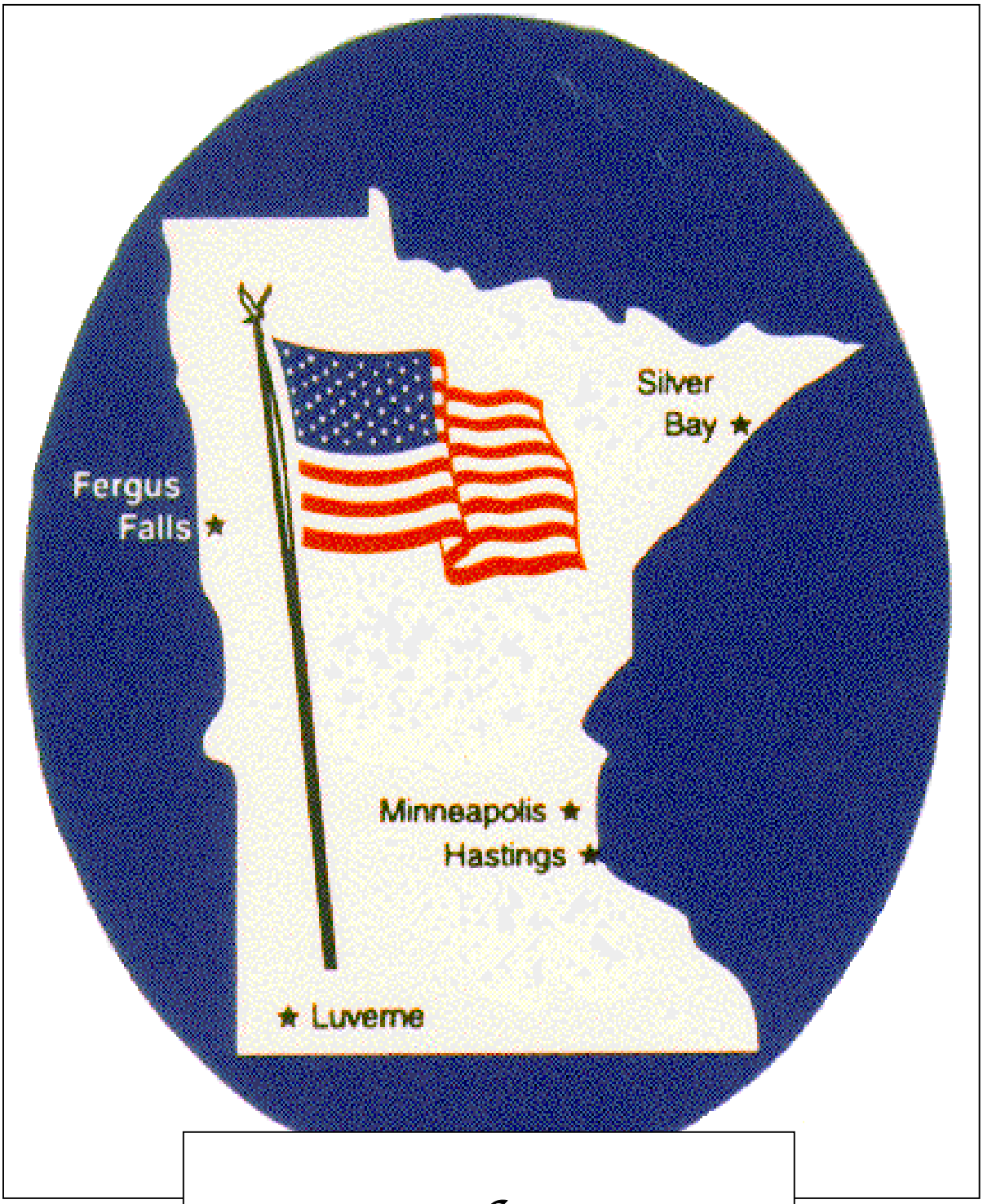
Minnesota Veterans Homes Board



Annual Report
Fiscal Year 2003

Forward

This second annual report has been prepared by the Veterans Homes Board staff and Administrators, it reflects a collective effort to report on a variety of events that have transpired over the past fiscal year. 2003 was highlighted by a State Budget deficit, which effected every aspect of state operations. While this created an air of uncertainty, it was also marked by managers and staff moving forward in fulfilling the mission of the Veterans Homes Board and in their pursuit of providing excellent patient care to Minnesota Veterans. In the following pages, you will find information and reflections on the efforts to fulfill that mission and a report on the outcome of those efforts. I want to thank the Board of Directors for their oversight and leadership as well as the Administrators and their staff who continue to carry out the commitment that was made more than one hundred years ago to those who have "borne the battle". The Leadership Council and Board staff have contributed greatly in moving this organization forward. Their efforts include improving our ongoing business practices, ensuring that our focus continues to be that of providing the highest quality of health care possible to those we serve, helping to maintain the integrity of our organization, and helping to foster the best practices in State government.

Table of Contents

Mission

The Mission of the Veterans Homes Board is to oversee and guarantee high-quality health care fore veterans and dependents in its care.

(M.S. 198.01 charges the Veterans Homes to "provide nursing care and related health and social services to veterans and their spouses who meet eligibility and admission requirements." Veterans eligible for admission to our homes must have either "served in a Minnesota regiment or have been credited to the state of Minnesota, or have been a resident of the state preceding the date of application for admission." There are approximately 428,000 veterans in the state, 1 of every 9 Minnesotans meets this criterion. Spouses of eligible veterans also qualify for admission if they are "at least 55 years of age, and have been a resident of the state of Minnesota preceding the date of application for admission." Veterans or spouses must be unable by reason of wounds, disease, old age, or infirmity to properly care for them selves.

The current Minnesota Veterans Homes Board of Directors was created in 1988 to lead the agency and bring the Minneapolis and Hastings Veterans Homes into compliance with local, state, and U.S. Department of Veterans Affairs (USDVA) regulations. This required writing new rules for the operation of the Homes. The Board has been responsible for the progressive improvement in the quality of services and care provided to Minnesota's heroes. They have also been diligent in the pursuit of funding for the renovation and improvements in the physical plants of the various facilities and have made marked progress.

Vision

Minnesota Veterans Homes will honor veterans in achieving their goals by providing a network of long term care services. A wide range of premier services will ensure greater access.

Minnesota Veterans Homes will develop nationally accepted standards for the comprehensive long term care of veterans. Through research and continuous quality improvement, we will demonstrate the success of those standards and influence the delivery of long term care.

The Veterans Homes Board intends that the agency will honor Minnesota veterans by becoming recognized as a national and international center of excellence in long-term and supportive health care.

Core Values

Quality Performance
Customer Satisfaction
Public Acceptance
Pursuit of Excellence

Core Purpose

To assure the commitment of government to provide the highest possible quality programs for health care, supportive service, and housing to our Minnesota Veterans and their spouses while developing new and innovative solutions to meet the challenges of changing times.

The Board
Policy Governance Model

Board leadership requires, above all, that the Board provide vision. To do so, the Board must first have an adequate vision of its own job. That role is best conceived neither as volunteer-helper nor as watchdog, but as trustee-owned. Policy governance is an approach to the job that emphasizes values, vision, empowerment of both Board and staff, and the strategic ability to lead leaders.

Observing the principles of the Policy Governance Model, a Board crafts its values into policies of the four types:

Ends policies - The Board defines which human needs are to be met, for whom, and at what cost. Written with a long-term perspective, these mission-related policies embody most of the Board's part of long-range planning.

Executive limitations - The Board establishes the boundaries of acceptability within which staff methods and activities can responsibly be left to staff. These limiting policies, therefore, apply to staff means rather than to ends.

Board-executive relationship - The Board clarifies the manner in which it delegates authority to staff as well as how it evaluates staff performance on provisions of the Ends and Executive Limitations policies.

Board process - The Board determines its philosophy, its accountability, and specifics of its own job.

Policies written this way enable the Board to focus its wisdom into one central, brief document.

History

The history of Minnesota's Veterans Homes began shortly after the Civil War. Because of the devastation brought on by that conflict, there was a growing conviction that provisions should be made for the care of the nation's veterans. The Minnesota legislature authorized the establishment of the Minnesota Soldiers' Home in 1887, as a "reward to the brave and deserving," and a Board of Trustees was established to manage the facility. By 1888, construction at the site of the current Minneapolis Veterans Home had begun; and by 1911, five men's cottages and one women's cottage had been built, along with several support services buildings (infirmary, dining hall, etc.).

The mission of Soldiers' Homes, as they were contemplated in the last third of the nineteenth century, was to create beautiful, landscaped communities for veterans - havens of rest for veterans' later years. These Homes were not primarily designed to be medical facilities; rather, they were seen as monuments to the contributions of veterans. In fact, it was not until World War I that medical care was provided in Soldiers' Homes, and even then it was of secondary consideration.

The view that Soldiers' Homes were rest homes persevered in Minnesota until the 1960's. In 1968, for example, the Minneapolis Soldiers' Home was licensed for 56 nursing care beds and 375 boarding care beds, the latter of which represented primarily custodial (non medical) care. By the late 1960's, however, the Soldiers' Home Board of Trustees, along with others, recognized a growing need for making the health care needs of veterans a primary concern of the Home. The Soldiers' Home had been operated, since its creation, in a military atmosphere: the head of the facility was appointed as Commandant, and services and discipline were meted out in a quasi- military fashion. The Board of Trustees began to recognize the growing health care needs of the veteran population, and while there were increased efforts to provide medical and psychiatric care, the Home still had not made the conversion from rest haven to health care facility.

The 1970's were a time of change and growth for the Soldiers Home. In 1972, building 16, a new nursing care facility was constructed on the Minneapolis campus; another one, building 17, was built in 1980. Additionally, in 1978, the old state hospital in Hastings was converted into a domiciliary residence for veterans. As a result of the new construction in Minneapolis and the conversion of the Hastings facility, the Homes had 250 nursing care beds at Minneapolis, 250 domiciliary beds at Minneapolis and 200 domiciliary beds at Hastings. Along with this growth, the Board of Trustees was abolished, and the administration of the Soldiers' Home became a responsibility of the state Commissioner of Veterans Affairs in an effort to consolidate all matters pertaining to veterans in one department.

In 1988, the legislature reorganized and separated the Veterans Homes from the Department of Veterans Affairs. The Veterans Homes Board of Directors was established, consisting of nine members appointed by the governor. The Board was charged with restructuring the Homes along the lines of the medical model of operations and turning them into high quality health care facilities while also taking into consideration the special needs of the veteran population. To accomplish this dual focus, the Board's membership consists of representatives from the health care field and veterans organizations. The Board has assured that the Homes are operated according to

stated goals and standardized practices, policies and procedures, that residents' rights are recognized and respected, and that a high quality of life is maintained for the veterans who are residents of the Homes. The agency itself is managed by an Executive Director, who is responsible for ensuring that the Board's vision for the agency, mission, and goals, are properly operationalized. Each Veterans Home is managed by an Administrator, who reports directly to the Executive Director. All of the facilities have medical directors, directors of nursing, and nursing, social services, financial and other staff appropriate to the needs and levels of care of their veteran residents.

There are now five Veterans Homes operating in Minnesota, located in Minneapolis, Hastings, Silver Bay, Luverne and Fergus Falls (the latter two began operations in 1994 and 1998, respectively). The breakdown of the beds is as follows: Minneapolis, 341 skilled nursing care beds, 61 domiciliary beds, and a 16 bed transitional housing program; Hastings, 199 domiciliary beds, and a 6 bed transitional program; Silver Bay, 87 skilled nursing care beds, 25 of which are Alzheimer’s patient beds; Luverne, 85 skilled nursing care beds, and Fergus Falls, 85 skilled nursing care beds.

The Veteran Community

From both an historical perspective and a current one, it is clear that the Minnesota Veterans Homes would not be in operation without the support of the veteran community in Minnesota. There are approximately 50 veterans organizations and their affiliates in Minnesota that play an important role in shaping the veteran community within the Veterans Homes, by noting the needs of their fellow veterans and enriching the general quality of life and environment at the Veterans Homes. These organizations serve in part as a bridge between the concepts of the Veterans Homes as medical facilities and the Veterans Homes as special places of recognition for the service the veteran residents have provided for their country.

The veteran community plays four essential roles relative to veteran residents of the Homes: those of promoters, advocates, watchdogs/protectors, and donors. First, the veteran community has always been very supportive of the Veterans Homes, and keeps the veteran population at large aware of the availability of services at the Homes. Many organizations allow the Agency to participate in their events and conventions, giving the Agency the opportunity to promote the Homes at such events. The organizations, in turn, promote the Agency and the Homes by "spreading the word" by providing positive reinforcement to the commitment of the Agency in meeting veterans' needs.

The advocacy role of the veteran community is also important. Several organizations continuously propose legislative initiatives designed to promote the rights of veterans in Minnesota and at the national level. The veteran community recognizes the special needs of the residents of the Veterans Homes, and advocate on their behalf to assure that those needs are recognized and addressed in the political arena.

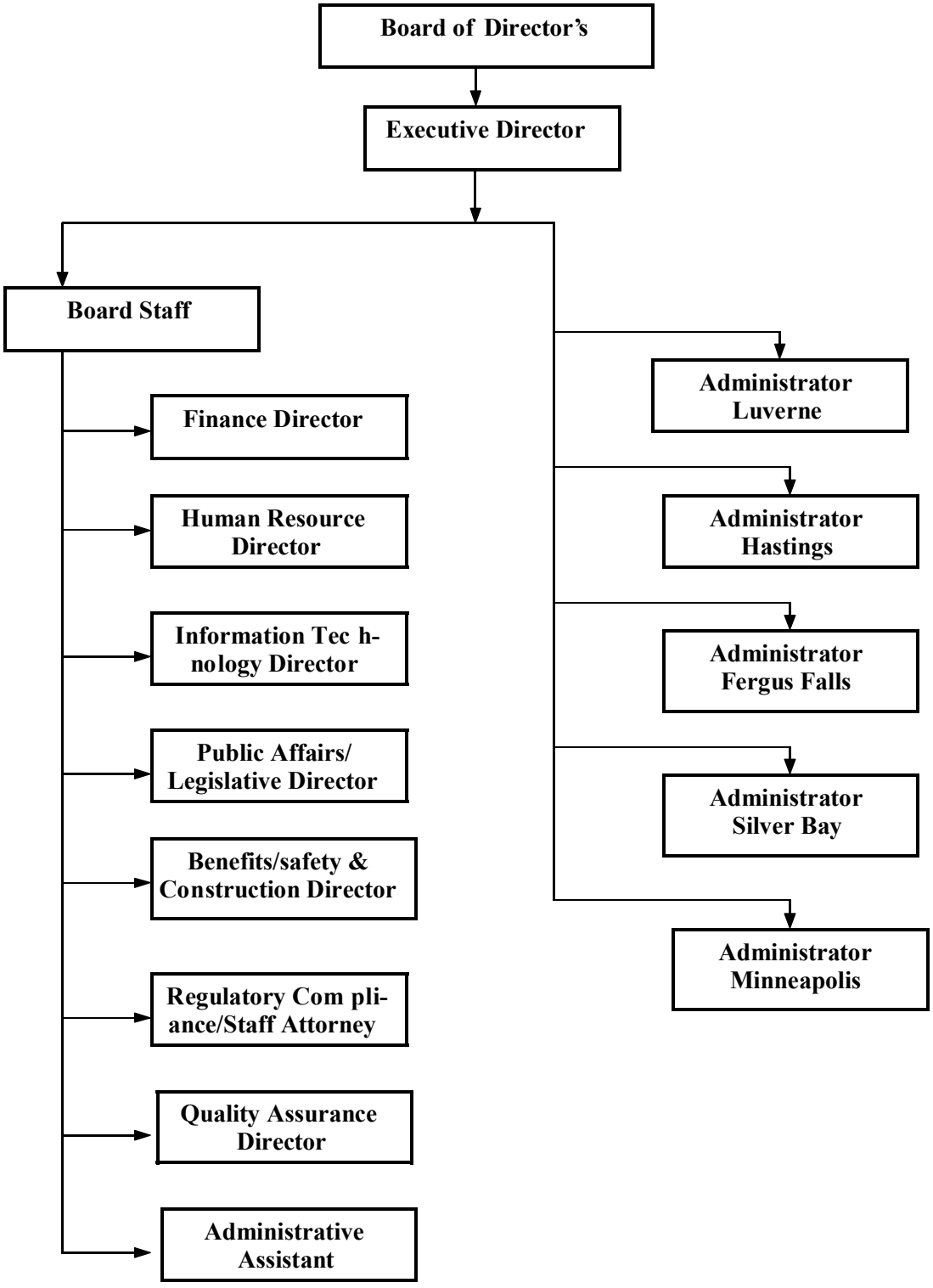
The veteran's community in Minnesota has always played a significant watchdog role on behalf of the residents of the Veterans Homes. From the days of the Grand Army of the Republic and the United Spanish War Veterans to the present, veteran's organizations have closely monitored the Veterans Homes, ensuring that the residents of the Homes are receiving the highest quality service and care.

Support from the Veteran's service organizations and others in the form of volunteer hours, donations of money and other items are summarized below. There is no doubt that through these efforts the quality of life for our veterans is enhanced.

Fiscal Year	Volunteer Hours	Value of hours	Cash and Value Donations
2001	62,727	$689,997	$825,146
2002	58,390	$642,280	$740,889
2003	57,100	$628,100	$793,358

Operations

The Executive Director and the Board Office Staff, and Administrators represent the operational leadership for the organization. The Board staff is organized as follows:



The Administrators provide leadership to the five facilities located throughout the State. Each facility is organized into functional units based upon size and type of resident care provided. Typically skilled care facilities encompass nursing, dietary, housekeeping, social services, therapeutic recreation, facility maintenance, administration, admissions, business office, mental health, speech, physical and occupational therapy, chaplaincy, and other services provided through contractual arrangements.

Board staff manages a variety of major program areas and provides field support to the Administrators and staff.

Strategic Planning Process/Initiatives

The following summarize the Agency's long-range strategic goals:

- To manage the Minnesota Veterans Home's with honesty, integrity, and cost effectiveness;
- To provide a therapeutic environment that encourages resident independence, respects individuality, promotes self worth, well being, and promotes quality care;
- To target services to veterans with special needs;
- To be good stewards of our physical assets to ensure that our health care facilities are properly maintained and managed;
- To provide a continuous evaluation of care and services to be responsive to changing needs;
- To supporting research and education in geriatrics and long term care;
- To recognize employees for their contributions; and
- To coordinate services and working cooperatively with the medical communities.

In order to meet these goals, we must ensure that each Veterans Home is in good operating condition. The Agency has conducted a comprehensive strategic process to identify programmatic and facility needs and these are reflected in our bonding and capital requests. If a Home requires renovation or new construction, we have analyzed the need, reviewed the options, and requested the necessary funding. We have also completed pre-designs on major requests in an effort to provide more detailed and accurate information with our requests. These requests have been reviewed, prioritized, and approved by the Agency's Board of Directors.

The current capital budget request has been reviewed and recommended by the Homes and the Board. The priorities were reviewed using the following goals:

Quality patient care. This includes both the services available to the residents and the environment in which residents reside.

Maintenance and protection of the physical plant. This includes correcting current deficiencies and maintaining the integrity of the physical plant.

Adequate, viable infrastructure support. This includes providing management with the tools necessary to ensure efficient operation of the Homes.

The long-range Planning Study and the Historic Structures Report used to develop these requests contain a building-by-building evaluation of all buildings at the Minneapolis and Hastings Veterans Homes. These evaluations detail the condition of the buildings, the asbestos content, and the modifications needed to comply with ADA standards. The study also includes long-range strategic plans for the Minneapolis and Hastings Veteran's Homes' renovations, remodeling, and new constructions. These plans, if implemented, will not only bring the Homes into compliance with current health care and safety standards, but will also improve the services delivered to our residents.

These plans have not been developed in a vacuum. There has been a study of the long-term care needs of veterans in Minnesota that has helped to shape these requests. As part of this process, these strategic initiatives have also have had input from our constituents at the grass roots level. In addition, a master plan for the Minneapolis campus was completed in September and will form the basis of future development. Finally, the strategic initiatives have been reviewed, prioritized, and approved by the Board of Directors.

These plans are for the next capital bonding cycle, Fiscal Years 04-05, are summarized in the below:

Summary

Project (in priority order)	Total Est. Cost	State Portion
Minneapolis – Drain Pipe Replacement – Bldg. 17	**$2,900,000**	**$2,900,000**
Asset Preservation	**$11,000,000**	**$11,000,000**
Minneapolis - Adult day Care*	**$2,947,000**	**$1,031,450**
Silver Bay – clinical upgrade*	**$3,849,000**	**$1,347,150**
Luverne – Alzheimer's Special Care Unit Addition*	**$807,000**	**$282,450**
Minneapolis – Dining/Kitchen Renovation*	**$4,607,000**	**$1,612,450**
Fergus Falls – Alzheimer's Special Care Unit Bed addition*	**$6,642,000**	**$2,323,700**
Total	**$32,752,000**	**$20,497,200**

*** Submitted for US Department of Veterans Affairs State Home Grant Funding**

VA State Home Grant Submissions

Requests for a federal match of 65% funding for the following projects. All projects have been approved by the MN Department of Administration and the US Department of Veterans Affairs and will appear on the VA's FY04 project listing. For the VA to fund, the State must make a commitment to fund 35%:

1. **Minneapolis – Adult Day Care Center -** The Veterans Home-Minneapolis is requesting $2,947 million for a structural building remodeling of building 4 to provide adult day care services to veterans in the surrounding communities. The proposed adult day care program will provide services to veterans 8 to 10 hours a day and can accommodate 30 to 35 residents per day. A transportation network sponsored

by veteran's organizations may be accessible to provide service to veterans in need of adult day care on this site. The United States Department of Veterans Affairs would pay a daily per diem to the veteran's home for eligible veterans receiving care in this program. The current per diem is 50% of the daily rate. The remaining portion of costs would be a patient pay amount. Due to federal participation, adult day care on campus would be affordable to a greater portion of veterans who would not otherwise be able to avail them selves of this service.

2. **Minneapolis – Dining/Kitchen Renovation -** The Veterans Home-Minneapolis is requesting $4,607 million for remodeling and expansion of the main dining room and food preparation and kitchen space in building 17. The dining/kitchen is currently significantly undersized for the current population and future program additions places greater pressure to develop better dining and food preparation space. The serving line needs to be redesigned for accommodating a greater patient population in wheelchairs, walkers and other assistive devices. The renovation would reorganize the kitchen, provide better access for residents and offer an efficient food preparation work area for staff. The dining room expansion is designed to accommodate future needs increasing seating from 110 to 250 seats. Included in the dining room expansion is space for private family dining for special occasions.

3. **Silver Bay – Clinical Upgrade -** The Veterans Home-Silver Bay is requesting $3,849 million for renovation of existing space and a structural building addition to the nursing care facility. This funding initiative would renovate select space within the facility to provide additional clinical space, enhance resident programming space, and provide additional space for resident support and administration offices. Developing unused space under the facility in the lower level of this facility during this renovation will lower the over all cost of this construction. The lower level of the proposed addition would contain the transportation vehicles, storage; intergenerational care program area, loading dock for deliveries, and staff and volunteer locker rooms. Finally, included in the addition is space for adult day care and child day care programs.

4. **Luverne – Special Care Addition – Alzheimer's -** The Veterans Home-Luverne is requesting $807 thousand for a structural building addition to the nursing care facility. This structure would contain an Alzheimer's/Dementia (A/D) day programming space attached to the existing A/D patient care wing similar to our Silver Bay facility. This open air, one room, cathedral-ceiling structure would provide day activity space for residents. This addition would provide space for a special programming area for the residents with walking paths for patients to wander which significantly improves their quality of life. This space will also be used for special dining and programs that are specifically focused on the needs of patients with Alzheimer's or dementia. This type of space assists with improving behaviors and has the potential of reducing reliance on medication management thus reducing medication costs. This 1,500 square foot day room would allow the residents room to wander and/or participate in activities. The quality of life for these residents would increase and a therapeutic and safe environment would be created.

5. **Fergus Falls – Special Care addition – Alzheimer's – 22 Beds** - The Veterans Home-Fergus Falls is requesting $6,642 million to construct a 22 bed Alzheimer's Special Care Unit addition to meet a strong demand for services for its Alzheimer's and dementia residents. This group comprises nearly 59% of the Homes population. The project is a necessary expansion in order to meet and sustain the increasing demands of the Veteran population in our catchment area. The Home from its inception, has been a leader and innovator in long term care for veterans. The Home also proposes expansion of the VA's community based out patient clinic, at the facility, by constructing additional space of 2,550 square feet for their exclusive use.

Other Bonding Requests

6. **Minneapolis – Drain pipe replacement – Building 17 -** The Veterans Homes Board (MVHB) is requesting $ 2.9 million for sanitary waste pipe replacement in building 17, at the Minnesota Veterans Home-Minneapolis. This capital request would provide funding for replacement of sanitary discharge piping from resident bathrooms. The pipe in building 17 is in need of replacement because of gas vapors that have caused the metal pipe to deteriorate. The corrosion is manifested by off gassing of waste flowing through the pipe, specifically H2S gas. The pipe installed in this building when it was built in 1978 was a type B, gray cast iron. This type of cast iron is particularly susceptible to graphite corrosion. These pipe conditions are widespread through out the building. The corrosion manifests itself from the inside out so visual exterior pipe inspections would not identify the problem until total deterioration has occurred.

7. **Asset Preservation – All facilities -** The Veterans Homes Board (MVHB) is requesting $ 11 million for Agency wide asset preservation. The Minnesota Veterans Homes Board manages 50 buildings at five facility locations while providing care for over 900 residents. This asset preservation request will assist the agency in addressing building repair items that go beyond the day-to-day maintenance needs of the facilities. This request would update a variety of resident building components. These projects serve to maintain a safe, efficient, and manageable environment for the residents at the Homes. Included in this request is the replacing of exterior envelope components, roof replacement, tuckpointing, & window replacement, mechanical and electrical updates, and resident bathroom and central shower updates. The Minneapolis campus building 17, nursing care residence building is in need of remodeling/repair to central tub rooms, and residence bathrooms, unit dining rooms, and replacement of resident windows. The Hastings campus, building 20 is in need of exterior envelope repairs, building 23 roof replacements, building 30 exterior envelope repairs. The water tower on this campus will need to be removed and old wells capped this is the result of changing this campus over to city water. Projects at other facilities include resident room door replacements at Silver Bay, replacement of the nurse call and phone system at Luverne and a generator upgrade, boiler update, and storage building repairs at Fergus Falls.

Financial Management

The Agencies operating funds generally come from three sources, state appropriation 51%; patient pay amounts 26%; VA per diems 23%. This past fiscal year was highlighted by efforts made to work with the new administration in resolving the deficit challenge

while at the same time having the ability to continue to operate all of our facilities. Early meetings with the Commissioner of Finance directed us to work towards a no growth budget. After making some budget assumptions, we moved forward with constructing budgets, which allowed each facility to operate at full capacity. Organizational structures were reviewed closely and some positions were reduced at each facility and within the Board Office to manage within the funds available. Budgets were reviewed line item by line item. Budgets were constructed to also foster quality initiatives, to promote training and education, and to move the organization forward.

Along the way there were budget adjustments, one of $129,000, which was absorbed within the FY 03 budgets and one at the beginning of FY 04 of $124,000 which was absorbed within the Board Office. None of these adjustments affected the daily operations at the facilities.

The FY04-05 budgets were approved at $30,030,000 for each year of the biennium. The budget assumptions utilized for the development of this biennial budget included the estimate that VA per diems would increase by approximately 6%, state appropriations would remain constant, and there would be no increase in wages and benefits during the course of the biennium. The biennium budget that was constructed considers these assumptions, provides facilities with adjustments for increases in goods and services, and follows the Board's desire to maintain an adequate reserve in the event of revenue fluctuations or other unforeseen events.

As we closed out Fiscal year 2003, we had exceeded our revenue projections and reduced spending below budgeted levels. Due to the state deficit, our goal was to generate as much carry over funds as possible to assist in maintaining current services into the next biennium. I believe we accomplished that goal.

Cost of Care

The cost of care is the average daily charge for care provided in our Homes. The following summary identifies the changes in the cost of care over time. The average change in skilled care is approximately 6.19%. The predominant ingredient effecting this change are labor costs which include annual contract wage and benefit increases and employee merit or step increases. These average between 4 and 6% with the cost of goods other services making up the remainder.

								% Change
Home	**FY97**	**FY98**	**FY99**	**FY00**	**FY01**	**FY02**	**FY03**	**97-03**
Minneapolis								
Dom	95.65	97.69	98.62	101.88	106.95	112.91	82.68	-3.27%
Hastings								
Dom	74.27	81.15	74.80	72.68	75.78	83.08	80.38	1.52%
Minneapolis								
Skilled	145.77	151.49	155.16	163.95	171.90	186.75	213.10	6.31%
Silver Bay								
Skilled	130.62	144.85	153.70	166.25	171.22	183.12	194.91	6.86%
Luverne								
Skilled	136.93	146.51	156.60	163.62	171.35	192.06	195.05	6.12%
Fergus Falls								
Skilled	N/A	N/A	155.16	163.95	167.01	183.60	189.56	5.15%

Human Resource Management

From an employee standpoint, this Agency is the 10th largest in state government. The long term care industry is one of the most difficult environment to recruit and retain nursing personnel, to manage workers compensation claims, to have a positive effect on employee turnover and to operate in a highly unionized environment. The following will be a discussion of some of these issues.

Workers Compensation: The following is a summary of our total costs since FY1993.

FY93	FY94	FY95	FY96	FY97	FY98	FY99	FY2000	FY2001	FY2002
1,154,300	857,990	800,179	762,840	655,941	994,331	770,318	926,379	850,630	712,880

Employee safety continues to be a high priority at all facilities and each Administrator has developed employee safety goals, budgeted funds to accomplish these goals and continued to work on employee awareness and compliance. Our costs in FY 2002 increased 7.3% between FY2001 and FY2002. The increase in costs represents our work at closing our old claims and managing and closing our new claims so they do not add to our long term cost projections.

While these costs have increased, the number of reportable claims and incident rate has decreased since last fiscal year as follows:

FY2001		FY2002	
Reportable claims	Incident Rate	Reportable Claims	Incident Rate
181	22.1%	152	19.6

This represents a 16% decrease in reportable claims and a corresponding decrease in the incident rate. We believe that this reduction is directly attributable to the increased emphasis on education and training provided for employees.

Employee Turnover: Generally, turnover have decreased at most of our facilities. Each Administrator has made a priority to create the climate that promotes longevity and promoted organizational values.

Turnover Rates

	FY2001	FY2002	FY2003
Fergus Falls	9.2	14.4	6.2
Hastings	Not avail	11	10
Luverne	2	1	15
Minneapolis	26	26	18
Silver Bay	22	14	17

Facilities Management

The Agency continues to aggressively address physical plant issues and seeks funding from a variety of state sources to update, repair, and maintain facilities. This is demonstrated in the discussion of our bonding requests earlier in this report. Besides the funding sought through capital bonding requests, we also receive funding through a variety of other sources including repair and betterment funds, Capital Asset Preservation and Replacement Account (CAPRA) funds, asset preservation and funding through donations.

To be good stewards of the facilities we manage, we need to be able to demonstrate that we are taking care of our facilities in a systematic manner. We have implemented a system called Archibus which provides an automated system for managing work orders, for documenting, scheduling, and reporting on completed preventive maintenance, for documenting blueprints, and for assisting with budget preparation on buildings, equipment, and mechanical systems. We have been leaders in the state on this initiative and continue to improve on the utilization of this system.

Information Management/Systems Development

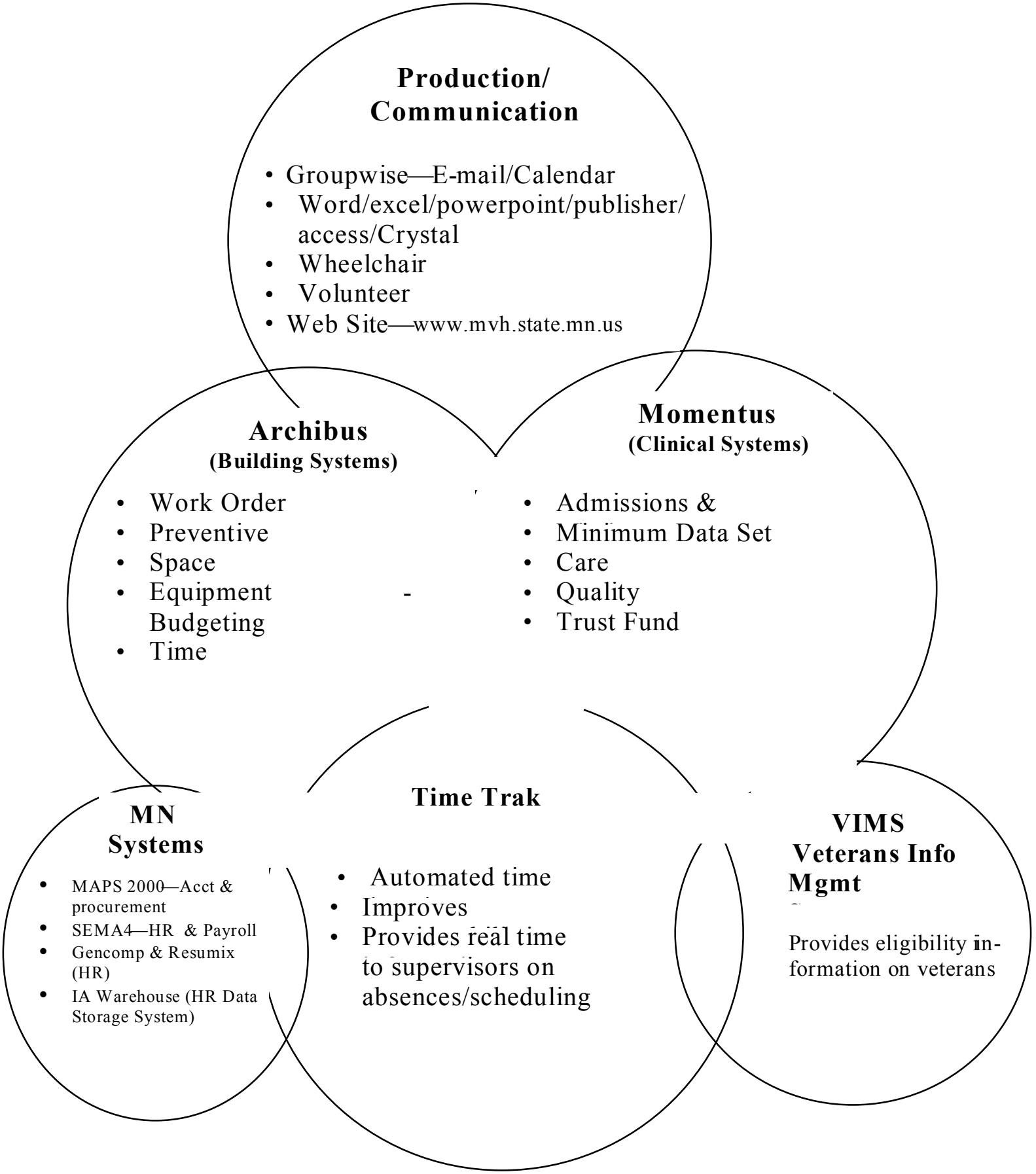
The goal of implementing systems within the Agency is to enhance accountability, we have used these systems as tools to accomplish that goal. The picture below identifies the systems that we have implemented or utilized in an effort to provide more timely information, better documentation of the work we do, and to improve accountability. This is an ongoing process, which includes all levels of management.

Through the use of TimeTrak, an automated time management system, time worked is more accurately documented and supervisors can more closely follow the rules outlined in labor/management agreements.

Archibus was implemented to help us manage the physical plant activities. Prior to its implementation, we were unable to determine how well or how poorly we were caring for our physical plants. With the significant investment that has been made from the state, federal, and community in renovating and constructing facilities, it is incumbent upon us to make certain we know how well we are caring for that investment. This system not only provides management tools to those processes, it provides valuable workload and budget information as we prepare future requests for capital improvement funds.

A new clinical management system has been chosen and is in process of being implement. Momentus is a highly interactive system that will allow us the flexibility to grow. While we are implementing the basic modules at this time, we are looking at expanding into trust fund accounting and dietary management.

Management Systems Development



Quality Management

The adage about how quality is defined say's " I'll know it when I see it" may be acceptable for some industries but not when it comes to caring for older adults. Quality in the long-term industry is measured by survey performance, comparing quality indicators against peer groups, by resident and family complaints, and by observation.

We will continue to utilize our review of quality indicators as a key focus of our quality management program in seeking ways to improve our performance and clinical care. Compared against peer groups, we review the 24 indicators and look for those that are "flagged" and fall above or below the acceptable ranges. Our performance to date indicates that the majority of indicators fall within acceptable ranges and for those that are outside, we have reviewed and justified current performance.

Our facilities are surveyed by the Minnesota Department of Health (MDH), the US Department of Veterans Affair (VA), and the Office of Legislative Auditor. Survey performance with the VA and Department of Health has been excellent in 2003. The Legislative Auditor reviewed each home and the Board office during this period with very good results. Recommendations at the facility were minor and corrected immediately. The Board Office had no recommendations.

Each facility has active and effective family and resident councils where most concerns are resolved. Few complaints rise to the Board level and all are resolved quickly.

Resident Profiles

It is important to have an understanding of the general characteristics of the residents we serve and how these characteristics change over time. The following descriptions (examples from our Minneapolis home) typifies general characteristics of our skilled, special care units for Alzheimer's, domiciliary, and transitional (homeless) populations. In addition, following these descriptions are charts that show how some of these characteristics have changed over the past years.

SKILLED NURSING CARE

Melvin D. Resident is a 78 year old white male who resides at the Minnesota Veterans Home –Minneapolis (MVH) on a skilled nursing care unit. He is married and was a member of the United States Army during World War II. He is of the Protestant religion, from the Twin Cities Metropolitan area (Hennepin County) and is retired from a male dominated blue-collar occupation.

Melvin was admitted from a skilled nursing care facility (48%). He has a history of or currently suffering from a variety of medical/physical conditions including neural conditions including dementia, cerebral degeneration, Parkinson's and multiple sclerosis; psychiatric/substance abuse disorders; cardio-vascular; and diabetes mellitus-endocrine disorders; and chronic obstructive pulmonary disease. He receives an average of 8.7medications per day. When necessary Melvin may be eligible for special/acute care at the Department of Veterans Affairs Medical Center which offers a wide array of medical support services both through clinics and inpatient hospitalizations. His average number of clinic visits per year is 6.1. Melvin's average length of stay in the hospital is 9 days.

When his physical condition deteriorates significantly, the philosophies of hospice will be implemented with the focus of his care being pain control, symptom management and a dignified death.

He exhibits a variety of behavioral disturbances that occur less than daily and therefore are not rated as a behavior problem higher than a 1 (Behavior Rating 1.64). Behaviors exhibited are physical resistance to cares, verbally abusive language, unsafe smoking, intoxication, wandering and expressing his sexual needs in maladaptive ways resulting in monitoring by MVH Mental Health Services on an on-going basis.

The average resident within the facility has a case mix of "F" (2.37). He is dependent in four to four of the six activities of daily living including dressing, grooming, bathing, eating, bed mobility, transferring, walking and toileting.

Melvin's primary care givers are registered nurses, licensed practical nurses and human service technicians. They are supported by a multidisciplinary team consisting of physicians, nurse practitioners, psychiatrist, podiatrists, psychologists, behaviors analysts, chaplain, rehabilitation therapists (physical, occupational therapists and speech pathologist), social worker, dietician, recreational therapists and pharmacists. Contract services are also available for dentistry and optometry.

Melvin may choose from an average of 8 organized recreational activities per day, as well as many independent and individualized activities. Melvin also has unique opportunities provided by many volunteer and service organizations that supports the facility and its residents.

Upon admission Mr. Resident waited an average 10-12 months for nursing care placement. (The number of applicants on the NCU waiting list at the end of FY 2003 was 372). State and Federal contributions in addition to his maintenance fee of $2,098.87 will provide the cost of his care (average) per month. His average length of stay is 2.9 years. Mr. Resident will likely live the remainder of his life at MVH and will die in the facility (69*%)* or at VAMC Hospital (6*%).*

RESIDENT PROFILE
SKILLED DEMENTIA UNIT

Monty F. Resident is a 78-year-old white male who resides at MVH-Mpls. on a skilled nursing care unit specializing in Alzheimer's/Dementia. He is married and was a member of the United States Army during World War II. He is of the Protestant religion, from the Twin Cities Metropolitan area (Hennepin County) and is retired from a male dominated blue-collar occupation.

Monty was admitted from VAMC (4*3%*) and home or community facilities (58%). In addition to a primary diagnosis of behavioral dementia he is currently suffering from a variety of medical/physical conditions cerebral degeneration, Parkinson's and multiple sclerosis; psychiatric/substance abuse disorders; cardio-vascular; and diabetes mellitus-endocrine disorders; and chronic obstructive pulmonary disease.

He exhibits a variety of behavioral disturbances that occur daily requiring regular intervention and redirection from staff on all shifts. This would include guidance to

destinations, wandering into other's rooms/personal space, loud disruptive behavior, socially inappropriate behavior, verbal and physical resistance to cares, as well as occasional physical altercations with others and unsafe smoking. If he makes attempts to leave the facility and is not easily redirected he may reside on the secured unit or if he is easily redirected from the doors he may reside on a unit with a wanderguard (TAS) system. He has an average behavior rating of a 3.00 on the closed unit. On units with the TAS system the behaviors ratings range from 1.29 to 2.69.

The average resident with a diagnosis of dementia has a case mix average of "E" (2.27). This means he is dependent in 4-6 of the 8 activities of daily living including dressing, grooming, bathing, eating, bed mobility, transferring, walking and toileting.

Monty may choose from an average of 5 organized recreational activities per day, as well as many independent and individualized activities. Melvin also has unique opportunities provided by many volunteer and service organizations that supports the facility and its residents.

Upon admission Monty has waited an average 10-12 months for nursing care placement. (The number of applicants on the NCU waiting list at the end of FY 2003 was 372). State and Federal contributions in addition to his maintenance fee of $2,098.87 will provide the cost of his care (average) per month. His average length of stay is 1.7 years. Monty will likely live the remainder of his life at MVH and will die in the facility (100%).

It is the mission of the staff at the Minnesota Veterans Home, Minneapolis, to make the lives of residents as independent, healthful, meaningful and secure as possible.

RESIDENT PROFILE - DOMICILIARY

Martin E. Resident is a 64 year old white male who resides at the Minnesota Veterans Home, Minneapolis (MVH) on the Domiciliary. He is single and was a member of the United States Army during the Vietnam conflict. Martin is of the Protestant religion, is from the Twin Cities Metropolitan area and worked in a male dominated blue-collar occupation.

Martin was admitted from Home (47%). He has a history of or currently suffering from a variety of medical/physical conditions including cardio-vascular disease psych/substance abuse; diabetes mellitus; chronic obstructive pulmonary disease and various infections. He receives an average of 5.8 medications per day. If necessary Martin may be eligible for specialty/acute care at the Department of Veterans Affairs Medical Center, which offers a wide array of medical support, services, both through clinics and inpatient hospitalization.

He exhibits a variety of behavioral disturbances for which the etiology and treatment are difficult because of concomitant psychiatric disorders such as psychoactive substance abuse, psychosis, thought and mood disorders. Behavioral disturbances exhibited most frequently are disruptive behaviors, smoking in non-designated areas and verbally abusive language. If hospitalization or clinic referral is required it is generally for one of his psychiatric disorders. His average number of clinic visits is 15 per year to date and his average hospital stay is 3 days. The case mix average is an “A” (1.04) with a case mix behavior ratings of “0-1” (Behavior Rating .66).

Martin's primary care givers are registered nurses, licensed practical nurses and human service technicians. A multidisciplinary team consisting of physicians, nurse practitioners, psychiatrist, podiatrists, psychologists, behaviors analysts supports them, as well as a chaplain, rehabilitation therapists (physical, occupational therapists and speech pathologist), social worker, dietician, recreational therapists and pharmacists. Contract services are also available for dentistry and optometry.

Melvin may choose from an average of 4 organized recreational activities per day, as well as many independent and individualized activities. Melvin also has unique opportunities provided by many volunteer and service organizations that supports the facility and its residents.

RESIDENT PROFILE - TRANSITIONAL HOUSING PROJECT

Mick D. Resident is a 47-year-old white male who resides at the Minneapolis Minnesota Veterans Home on the THP (Transitional Housing Project) unit. He is divorced and was a member of the U.S. Army during the Viet Nam conflict. Mick is of the Protestant religion and is from the Twin Cities Metropolitan area.

Mick was homeless prior to admission. He has a history of or currently suffering from a variety of medical/psychological conditions, primarily psychiatric and substance abuse; cardio-vascular disease; diabetes mellitus, and chronic obstructive pulmonary disease.

He receives an average of 5.1 medication per day. If necessary, Mick may be eligible for specialty/acute care at Department of Veterans Affairs Medical Center, which offers a wide array of medical and psychiatric support services, both through clinics and inpatient hospitalization.

He exhibits a variety of behavioral disturbances for which the etiology and treatment are difficult because of concomitant psychiatric disorders such as psychoactive substance abuse, thought and mood disorders and undiagnosed personality disorder. Behavioral disturbances exhibited most frequently are relapse with alcohol and cocaine, ambivalence about the use of supportive services and complying with program expectations.

If hospitalization or clinic referral is required, it is generally for one of his psychiatric disorders. His average number of clinic visits is 22.5 per year to date and his average hospital stay is 22 days (this includes treatment at St. Cloud VAMC). The case mix average is an "A" (1.09) with a case mix behaviors rating of "0-1" (Behavior Rating 1.38).

Mick's primary care givers are registered nurses, licensed practical nurses and social workers. A multidisciplinary team consists of physicians, nurse practitioners, psychologists, psychiatrist, behavioral analysts, as well as chaplain, OT therapist, dietitian, recreational therapists and pharmacists, psychology interns. Contract services are also available for dentistry and optometry.

Mick may choose from an average of 2 organized recreational activities per day as well as many independent and individualized activities. Mick also has unique opportunities provided by many volunteer and service organizations that support the facility and it's residents. The multidisciplinary team works together daily to offer a variety of

supportive group services to address mental health, chemical use, and life skill issues. In addition, a positive incentive program rewards compliance with project, care plan expectations, personal goals, participation in scheduled activities and abstinence.

Other Resident Data:

Average age

Average Age							
	FY 97	FY98	FY99	FY00	FY01	FY02	FY03
Fergus Falls		79.8	79.3	79.5	80.2	80.7	81.3
Luverne	75	75	76	78	78.5	79.1	80.9
Minneapolis	75	78	75.4	75.6	76.1	77.2	78.2
Silver Bay	77	78	78	79	78	79	81
				Average age		79	80.4
Hastings –D	58	56	54	54	57	57	57
Minneapolis - D			62.6	62.3	60.6	62.5	64.4
				Average age		59.7	60.7

Branch of Service

Branch of Service					
	Army	Navy	Air Force	Marines	Coast Guard
Fergus Falls	76%	16%	2.7%	2.7%	2.7%
Luverne	70%	13%	10%	7%	0%
Minneapolis	55%	22%	12%	4%	1%
Silver Bay	41%	10%	17%	1%	1%
Hastings	49%	25%	17%	8%	1%

Era Served

Era Served					
	WWII	Korean	Vietnam	Gulf	Peacetime
Fergus Falls	79.5%	9.5%	5%	0%	6%
Hastings	12%	12%	50%	2%	24%
Luverne	70%	21%	3%	0%	6%
Minneapolis	61%	20%	12%	0%	2%
Silver Bay	67%	12%	2%	0%	7%

Average Case Mix – Skilled Nursing Care

Average Case Mix					
Facility	FY99	FY00	FY01	FY02	FY03
Fergus Falls	2.47	2.61	2.74	2.73	2.75
Luverne	2.58	2.7	2.74	2.76	2.71
Minneapolis	2.53	2.51	2.46	2.39	2.37
Silver Bay	2.51	2.45	2.41	2.36	2.34

Educational Professional Affiliations:

Each facility fosters a climate where community and professional relationships thrive. This is seen through the many teaching and professional affiliations that are in place. The list of affiliations are too numerous to include in this report but are available by facility through the Board Office. These relationships cross all disciplines in the long-term care field. These relationships provide a foundation within each facility that highlights our commitment to ensuring that we participate in our communities education activities and are supportive of training and mentoring health care professionals.

Research:

The Minneapolis facility has ongoing collaborative research programs in the following areas:

1) UNIVERSITY OF MINNESOTA STUDY

- Pharmacokinetics of Pheytoin in the Elderly.
- Study to determine elderly resident's ability to metabolize Dilantin.
- Six residents have participated to date.

2) NIH STUDY
   - Reduction of Smoking in Cardiac Disease Patients (ROSCAP)
   - Study to determine if smoking reduction decreases COPD versus smoking cessation.

3) VAMC STUDY

- Swallowing Outcome Study of Aspiration Prevention, Protocol 201
- Further research in dysphagia (swallowing problems) in nursing home residents.

It is these educational and research initiatives, which contribute, greatly to our Agency's success and importance.