



# Proposed Chippewa Falls Veterans Home

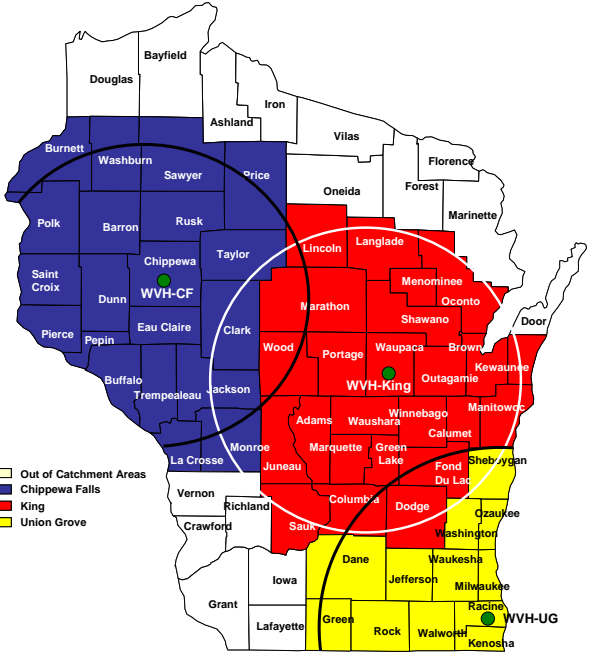
## *Highlights from the Business Plan*

The proposed Chippewa Falls Veterans Home is part of the Wisconsin Department of Veterans Affairs’ (WDVA’s) long-term, strategic plan to offer Wisconsin veterans programs and services that meet their needs now... and into the future.

[CLICK HERE TO REVIEW THE COMPLETE BUSINESS PLAN](#)

### Serving the needs of all Wisconsin veterans

WDVA is determined to provide the best possible care for veterans as they grow older. That means wrapping programs and services around existing and future needs, making the right services available in the right places. A detailed demand analysis confirms that a Chippewa Falls Veterans Home would successfully meet the needs of Wisconsin veterans now, and into the future.



### Primary market area

The U.S. Department of Veterans Affairs (USDVA) uses a 75-mile radius to define the market area for a state veterans home. The map on this page shows the 75-mile radius that defines the “primary market area” for the proposed Chippewa Falls Veterans Home (blue), and how the new Home complements areas currently served by the Veterans Homes at King (red) and Union Grove (yellow).

### Right-sizing the facility

Demand was studied by developing two regression models that used the population at the King Veterans Home. Optimal size of the facility was determined to be between 60 and 80 occupants, taking into account a projected population decline over the 30+ year functional life of the facility.

- The first model studied demand among veterans 65 to 84 years of age *based on distance*.
- The second model studied demand among veterans aged 85+ *based on income*.

These models were used to estimate the demand for the Chippewa Falls Veterans Home for veterans 65+ who live within its primary market area. Those numbers were then adjusted to account for other member groups in order to estimate total demand for the proposed Chippewa Falls Home, including: veterans 65 and older from outside the primary market area, veterans from a VA Medical Center, veterans under the age of 65 and spouses and dependents of veterans.

### **Boost for jobs, local healthcare economy**

The Chippewa Falls Veterans Home will bring a \$20 million construction project and an estimated 90 full-time equivalent professional jobs to the Chippewa Falls area. The majority of new jobs would be for nursing assistants and other healthcare professionals.

Services required by the Chippewa Falls Veterans Home will add vitality to the local healthcare services economy. A new skilled care facility will mean business for existing healthcare-related services in the area, such as transportation services, oxygen vendors, laboratories, physical therapists and other private sector vendors.

WDVA's Veterans Assistance Program is already active in Chippewa Falls. Bringing additional veterans resources to the area will help create a true community hub for veterans services in this part of the state.

### *Augmenting existing care facilities*

The Chippewa Falls Veterans Home is expected to augment, rather than compete with, existing private care facilities in the area. Market data indicate that Wisconsin Veterans Homes serve a substantially different population than a typical private home. The Chippewa Falls Veterans Home will occupy a unique niche that is not currently being filled in the marketplace.

- Veterans Homes tend to serve primarily men, while a private home would more typically have a population of about 80% women.
- Veterans Homes tend to have members with lower incomes, and therefore a higher Medicaid population, while many private nursing homes prefer private pay residents who have their own resources to pay their cost of care.

### **FAQs**

- \$20 million construction project (65% federal grant)
- 78,000 square foot single-story structure
- 72-bed skilled nursing facility with neighborhood concept of care
- 90 permanent professional jobs
- Size, location supported by detailed demand analysis
- Positive cash flow and operating income at Year 2; positive cash balance at Year 5

## Neighborhood care for our veterans

The Chippewa Falls Veterans Home is planned as a new 72-bed skilled nursing facility based on the neighborhood concept. The home will be designed as a 78,000 square foot single-story structure with a partial basement.

In keeping with a forward-looking model of care being adopted by segments of the skilled nursing community, the facility will have two “neighborhoods,” each having two 18-bed “households.” The neighborhood concept creates a more homelike, as opposed to institutional, atmosphere. This model of care makes it easier for members to develop a social network, participate in activities and navigate to destinations within the household.



Amenities for the planned Chippewa Falls Veterans Home include:

- Single rooms for all members, including private bathrooms with shower,
- A homelike dining room with made-to-order breakfasts and family-style dinner meals, and
- A centralized member center, featuring: an interior park, chapel, beauty/barber shop, café, recreation and activities room, library/computer room, therapy area and on-site medical examination room.

## Bringing in federal dollars to support our veterans

The majority of funding for this project would come through a state home construction grant from the U.S. Department of Veterans Affairs (USDVA). At the direction of the Board of Veterans Affairs, WDVA submitted a grant application to the USDVA in August 2005.

WDVA has a strong, positive relationship with the USDVA and depends on them not just for new building projects like Chippewa Falls, but also for federal funding that supports other programs.

- WDVA relies on federal appropriations for our cemeteries, veterans homes, and the veterans assistance program.
- WDVA also receives grant funding through USDVA for necessary improvements (remodeling and renovations) to existing facilities.

The federal government provides 65% of the project costs; the other 35% comes from program revenue supported borrowing. The State of Wisconsin would issue general obligation bonds for the construction cost. WDVA’s business plan estimates a \$20 million cost to construct the Veterans Home, of which 35% are borrowed costs. The bonds are typically issued as a 20-year bond with two debt service payments per year, semi-annual interest and an annual principal payment.

Projections show sufficient income to support this debt in terms of revenue from the operation of the proposed Chippewa Falls Veterans Home.

## A self-sustaining business model

WDVA's Office of Policy, Planning and Budget (OPPB) estimates that in the second full year of operation, the home would generate operating income, and by the fourth year of operation, the overall income would be positive. By the fifth year of operation OPPB projects to have recovered essentially all prior operating losses and show a positive cash balance of approximately \$300,000.

This business model does not include any transfer of revenue from any other Veterans Home or other source.

### Project timeline

At this time the USDVA has told us that funds are set aside and will be available provided we meet all remaining requirements. However, we need time to complete these requirements.

WDVA has submitted a request to the USDVA for what's called a conditional approval, which is expected to be approved in late September.

If the conditional approval WDVA requested is approved, WDVA will have an additional 180 days from the date of the USDVA Secretary's letter (expected in late September) to complete all remaining requirements. This will give us until late March, 2011.

Key requirements include:

- Final design review documents (expected completion: November 2010)
- Project bid (contracts expected to be awarded: March 2011)

WDVA would finalize the budget based on actual construction bids, not to exceed a grant amount of \$13.2 million. The final grant packet would be completed and sent to USDVA. The USDVA Secretary will then send a letter allowing WDVA to begin billing for 65% of project costs.

Construction is expected to begin in April 2011 with occupancy projected for November 2012.

The operating budget for the proposed Chippewa Falls Veterans Home will be requested in WDVA's 2011-2013 biennial budget request to the Board of Veterans Affairs.

### Learning from experience

In developing the business model for Chippewa Falls, WDVA took into consideration various challenges and opportunities by studying its other skilled nursing facilities at Union Grove and King.

- A detailed business plan has been created up front.
- The facility will provide skilled nursing care - - not assisted living - - the area of care in which Veterans Homes have clearly demonstrated they fulfill a need.
- Financial and operational controls for all Wisconsin Veterans Homes are in the process of being standardized and strengthened.