



STATE OF MINNESOTA DEPARTMENT OF VETERANS AFFAIRS
MINNESOTA VETERANS HOMES



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Memo: Adult Day Healthcare Program Overview & Financial Summary

Background

In 2013, the Minnesota Department of Veterans Affairs (MDVA) secured U.S. Dept. of Veterans Affairs (VA) construction grant funds to renovate historic Building 4 and open the Adult Day Healthcare program at the Minnesota Veterans Home – Minneapolis campus. Currently, it is one of two adult day healthcare programs in the nation on a State Veterans Home campus that is recognized by the VA. The Minneapolis Adult Day Healthcare Program is licensed by the MN Department of Human Services and recognized by the VA Healthcare System for services and payments. All regulatory requirements must be met to maintain compliance and receive per diem payment. In addition, the federal VA adult day program is required to follow a medical model in providing services. That model includes physicians, nursing, access to therapy services, dietitians, and other interdisciplinary team members to provide close coordination and medical monitoring. Due to the requirements of that model, and the provision of increased levels of services, the program has a higher cost to operate.

Regulatory Requirements:

38 CFR Chapter 52

MN Statute, Chapter 245A

MN Statute, Chapter 245C

MN Administrative Rule 223

The program is licensed to provide services for up to 35 participants per day. However, due to COVID-19 concerns, current limitations of the physical layout and the delivery of care model – the medical model – limit the number of participants served daily. There are currently 10 staff dedicated to the program at a total of 8.8 FTE.

Federal VA Per Diem

The Minneapolis Adult Day Healthcare Program is funded by the Federal VA State Veterans Home Per Diem Program and State of Minnesota appropriations. In 2018, the federal VA State Veterans Home per diem program created a new payment structure including a Prevailing Rate/High Per Diem for adult day services for Veterans that have a high service connection rating. Current per diem structure is:

FY '21 Regular Per Diem – \$92.01

FY '21 Prevailing Rate (High Per Diem) - \$323.51

COVID-19 Pandemic Impacts

The COVID-19 Pandemic has significantly impacted operations and the state required the program (and all other community Adult Day) to temporarily closed on March 13, 2020. Today, in the state of MN, over 50% of all community adult day healthcare programs have permanently closed their doors. The Minneapolis VA Healthcare System permanently closed their Adult Day Healthcare at the beginning of the pandemic. As a result, those Veterans previously served by VA have been referred to the Minneapolis program and are on the

waiting list. The Federal VA State Veterans Home Per Diem program agreed to provide MDVA emergency funding from March 2020 – January 2021 for a subset of the Adult Day Healthcare team to continue to provide virtual and remote services to participants of the program. On February 1, 2021, we received approval from the MN DHS to re-open our program on a limited basis. We are working on increasing participation over the next 1-2 months while still meeting all regulatory guidance relating to infection control and the pandemic.

Financial Summary

The table reflects the past five years of revenue and operating costs for the MDVA Adult Day Healthcare Program.

Revenues ADHC						
Fiscal Year	2016	2017	2018	2019	2020	2021 YTD
VA Per Diem	340,145.27	355,127.97	382,649.53	367,099.44	269,996.45	136,967.72
VA High Per Diem	-	-	-	-	387,025.21	190,005.26
Maintenance Fees	79,692.44	73,367.60	42,353.34	24,869.97	12,995.81	312.00
	421,853.71	430,512.57	427,020.87	393,988.41	672,037.47	327,284.98
Expenditures						
Salary	720,339.75	824,295.93	854,804.32	828,286.15	709,752.88	303,023.95
Non-Salary	105,415.29	62,393.56	70,483.67	73,847.80	74,077.60	19,005.40
	825,755.04	886,689.49	925,287.99	902,133.95	783,830.48	322,029.35
*Profit/(Loss)	(403,901.33)	(456,176.92)	(498,267.12)	(508,145.54)	(111,793.01)	5,255.63
*Funded by General Fund Appropriation						

Nominal fees had been set since the opening of the adult day program per agency and program operating procedures. Currently, for FY2021, fees are set at the following:

- Co-Pay for services (based on a sliding scale) - \$20/day
- Whirlpool Bath services - \$25/day
- Non-Veteran Full Day - \$112.12/ day
- Non-Veteran Hourly Rate - \$28.05
- Early or Late Arrival - \$15/per 15 minutes

In 2017 & 2018, the Office of the Legislative Auditor conducted an audit of the program. Their findings included a recommendation that MDVA should seek explicit statutory authority to set fees for services that are comparable to the community Adult Day fee structure and to help off-set State Appropriations for operations.

Notes:

- **Co-Pay** - FY2018, a decision was made by the former Administrator of the MVH-Minneapolis to eliminate copay for services, which is reflected in the decrease in maintenance fees (above). Co-pays have been re-implemented on a sliding scale, beginning in February 2021
- **Employee Cost** - In FY2020, a decision was made to reduce FTE's by one position
- **Federal VA Per Diem** – the Federal VA Per Diem created the Prevailing Rate (High Per Diem) in 2019, which is reflected in FY2020, including a significant retro-payment from the time the federal law was signed
- To meet the needs of Veterans, Non-Veteran days were reduced in FY19 and FY20